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CO OPERATION & RURAL RECONSTRUCTION  
IN  
INDIA

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HONOURS DIPLOMA IN CO OPERATION  
(MANCHESTER)

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TO  
THE MEMORY  
OF  
MY DEAR UNCLE  
NAWAB KARAMAT JUNG BAHADUR  
CHIEF ENGINEER & SECRETARY  
P W D & DRAINAGE DEPARTMENTS,  
H E H THE NIZAM'S GOVT



"IF CO-OPERATION FAILS,  
THERE WILL FAIL THE BEST HOPE OF  
RURAL INDIA".

( *The Royal Commission on Agriculture* )

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-Farhat Manzil

Somajiguda

Hyderabad (Deccan)

12th October 1936

M K KHAN



## Preface

It is no easy task to write about the rural reconstruction of a country as large as the whole of Europe except Russia, a country each major province of which is as large as Great Britain or perhaps greater in area

There is the further difficulty of collecting the necessary material to make an adequate contribution to such an important subject, and to do some justice to it. All the necessary information could not be found in one place, but was scattered all over the various Government Reports and Gazetteers, and a good deal of it had to be gleaned from a number of Books on Co-operation, History and Indian Economics, and not all of these books could be found in one library. Moreover, it had to be supplemented by personal experience of rural conditions in India.

The task, therefore, would have been much easier had the attempt been made on the spot in India, where first-hand and up to date information would have been easily available. But the fact that the thesis had to be written while I was in England and at the same time within the limited time at my disposal made the undertaking still more difficult.



It is no wonder if a thesis, written in these circumstances, is peculiarly open to error and criticism, and I hope my critics will take it in the spirit in which the work is undertaken

I shall consider that my aim is fulfilled and my effort not made in vain, if this book succeeds in leading to a further, and more complete and thorough enquiry into the subject, which might lead to a more accurate knowledge of rural conditions in India, and consequently to the solution of the problems connected with them, by the application of co-operative principles

It is my conviction that co-operation can solve many social and economic difficulties of a country, and much more so of a poor rural country like India. Not only can it solve social and economic problems but, if applied properly and judiciously, it will help to solve the political problem also laying the foundations of Co-operative Democracy

*M K Khan*



PART I.

RURAL INDIA.



## CHAPTER I

### History And Organisation Of The Indian Village.

#### SECTION I Early History of the Indian Village

It was about 1500 years before Christ that the Aryans whose home was in the steppes of Central Asia, being oppressed by the constant inroads of the Tartars from the North and East began to emigrate towards the West and South. One wave crossing the Ural Mountains passed over to Central Europe, spread over the Teutonic regions, and gave rise to the Teutonic civilisation. Another went over the Caucasian Mountains to Persia, and thus laid the foundation of the great Persian Empire. A third one overcoming the barriers of North Western Hindustan and meandering its way through the treacherous passes of the Karakoram and Hindu Kush ranges settled down on the fertile Indo Ganges plain.

Before the advent of the Aryans there was practically no civilisation in India. It was inhabited by aboriginal races such as the Dravidians, Bhils and Gonds, who had no civilisation of their own, and who lived a wild, nomadic life, in the hills and jungles.



The Aryans had come to settle in the country. They pressed the aborigines further and further south and each family occupied a piece of land which was just enough to enable it to produce the necessities of life. As time passed the family grew to a village community, comprised of a number of families.

There were no industries and the main occupation of the early settlers was agriculture. They produced out of the land just enough for their own needs. With the growth of population, they brought fresh fields under cultivation. Thus agriculture was extensive rather than intensive.

*Rise of the Village Community* The population was scattered all over the Northern plains and the village community which had grown out of the small unit of the family lived in a cluster of mere thatched huts huddled together in an unsystematic manner. The villages were sometimes fortified with a mud wall, or simply with a hedge or ditch, not for fear of the encroachments of the neighbours, but the repeated inroads of the foreign invaders, who kept pouring down, through the North-western passes, devastating the country from time to time.

In each village the families owned scattered holdings which they cultivated for their own needs. Each village was an isolated



unit, self supporting and self-dependent There were no means of communication and as each village community was an independent unit there was no need for communication. There was neither Empire nor kingdom neither emperor nor sovereign. The Aiyals had no leaders or commanders, they had come in independent groups and had settled down according to convenience or necessity.

But this isolation did not last very long. The Aryans had brought with them the tradition of community life and no sooner had they settled down in peace, and were free from the fear of invasion than this seed began to germinate, till it shaped itself into a sort of village community.

We find in India also the same stages of the development and evolution of society, which have given rise to the famous Patriarchal Theory. The head of the family was the sole authority, and even when the family split up into a number of families the pater familias occupied the same position. But though he was the leader of the community he no longer remained the sole authority in all matters. The system of Aryan society was based on principles of communal living and so there arose a kind of Community Government in each village.



This Communal Government was embodied in an organisation called the "Panchayat", or the Village Council. <sup>The Panchayat</sup> The Panchayat was an executive body and consisted of the elders and wise men of the community, often five in number, but sometimes seven, nine, or eleven. They were chosen in the early days by the people themselves, but in later days they were selected by the King. Each member of the Panchayat was called a "Panch" and the President the "Sarpanch".

The functions of this body were to look after the various affairs of the community, such as the administration of the village, settlement and allotment of lands, arbitration of disputes and administration of justice.

There is evidence that in early days land was owned on a communal basis, a system which still exists in certain parts of India. But with the development of absolute monarchy in the Hindu period, as far back as the days of Chandragupta about 350 B. C. and subsequently with the further development of it in the Mohamedan Period, which lasted from 1206 to 1857 A. D. the primitive form of the community government gradually lost its original importance and power. But so far as the internal affairs of administration and society were concerned, it continued to look after them throughout the later Hindu and Mohamedan Periods. This



communal government continues to exist in the British Period, through it has lost all its former prestige and significance, and has decayed into a mere name

## SECTION II    The importance of Rural life in India

The prosperity of a country depends upon the prosperity of every part of it, the province the district, the town and the village. If a country is an industrial country like England, Germany, Japan or the United States of America, its prosperity can be judged by the prosperity of big industrial towns. There are a few prominently industrial countries in the world. The foundation of their prosperity, power and greatness lies in industrial expansion and achievement.

It is an essential feature of industrial countries, that cities and towns play a very important part in national life. More attention is paid to them, and greater importance is attached to their welfare than to the smaller units of the villages. In fact, in industrial countries villages are comparatively fewer in number, and being smaller in size and population than towns are neglected. It is the cities and towns which are the centres of all activity, and the majority of the population lives in urban areas. The proportion of the rural population is very small.



In England almost 75% of the population lives in towns while only 25% lives in the countryside

On the other hand in an essentially agricultural country like India just the reverse is the case, the proportion of urban to rural population is 15 to 85 i.e. 15% of the total population of India lives in towns while 85% lives in villages. Thus we see that in an agricultural country the village is much more important than the city

This does not mean that there are no towns in an agricultural country. To say this would be as great an error as to say that there are no villages in an industrial country. It is only a question of degree. Consequently if we find a few important towns in an agricultural country in a very prosperous condition we should not jump to the conclusion that the whole country is equally prosperous.

India is a typical example of an essentially agricultural country with a few very big towns. *It would therefore, be a great mistake to assess the work, wealth or happiness of India by the prosperity of a few great cities such as Bombay or Calcutta, Madras or Delhi*



If we really want to judge the prosperity of India or the economic and social welfare of the Indian people we must study Indian villages and Indian rural life. If we apply to India all the tests by which the well-being of a community and the prosperity of a country are judged, we would be greatly disappointed by the results of the investigation. We would be astonished to find the terrible plight of the majority of the rural population of India and the miserable condition in which 85 of the 320 million people of this vast country live. India is a continent in itself being about the size of the whole of Europe except Russia and its population forms a big proportion of the total population of the world. Yet the deplorable poverty and misery of the Indian masses seems to have attracted little attention or consideration\*.

From whatever angle we may look at it, the Indian village presents itself as the most important unit in the political and administrative division of the country, and occupies a very important position in its social economy.

\* The Govt. of India Abstract of the census 1931 says: The urban population is now 11.0 percent of the total. The proportion of the working population engaged in agriculture is 66.4 per cent. Those engaged in trade number 5.13 per cent in industries 9.95 per cent and in transport 1.33 per cent. These figures support our assertion that India is predominantly an agricultural country and that nearly 90 per cent of her population live in villages.



### SECTION III    A Description of the Indian Village.

In view of the fact that India is essentially an agricultural country, the village still forms a very important unit in the territorial division of the country. It is estimated that there are about 500,000 villages in India scattered over an area of 1,805,000 square miles. A comprehensive survey of this enormous country would reveal, owing to diversities of climatic conditions and soil, great differences of customs and habits between one part and another. But though it is futile to frame generalisations regarding the cultivator and his surroundings, yet there are certain economic and social conditions which are common to almost the whole of India.

The size of an Indian village varies according to the density of population in different areas. Thus villages in Northern India are usually bigger than those in the south. An average Indian village has 100 or 150 dwellings and a population of five or six hundred people.

A typical Indian village is an aggregate of cultivated holdings with or without some waste area attached to it. Usually it has a central site where the dwelling houses are congregated together, with the lands of the village spreading



round about the central site in a series of concentric circles. In some cases small homesteads and farm buildings are found separately located on the holdings, though for better security it is usual for the cultivator to live in his house in the village dwelling area. The village often boasts of some grove and some kind of public office where the village officers keep their books and dispose of their business.

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## SECTION IV The Village Organisation

The present organisation of an Indian village may be an interesting study for the reader. Each village is an entirely self-sufficient economic unit containing within its bounds all the labour capital and skill necessary for the agricultural and industrial activities of the village.

The inhabitants of the village may be divided into three classes: the agriculturists, the village officers and the village artisans and menials. The agricultural class cultivate small fields with such labour as they can themselves supply with the assistance of their families and very seldom requisition hired labour. They provide the capital from their own small savings, but more often they borrow from the village



landlord or the local money-lender. They bear all the risks of cultivation, they are themselves the organisers and entrepreneurs and carry all their produce to the nearest market to exchange it for other necessities of life.

The chief village officers are the Patel',  
 The Village Officers who is responsible for keeping the peace and order of the village, and collecting the revenue the "Patwari", or the keeper of records and accounts and the 'Chowkidar' or the village watchman.

The artisan class usually consists of the  
 The artisans and others carpenter, the blacksmith, the potter the cobble, the washerman and the petty shopkeeper. In almost every village there is a moneylender or 'Mahajan'. Thus an Indian village has always been and is still to some extent self-contained, and this self-sufficiency and isolation still remains an essential characteristic of a typical Indian village.

The village was one of the most important  
 units of administration in the Hindu  
 Administration of the Village Period. It remained so during the Mohamedan Period also. It enjoyed local autonomy to a very great degree. Almost all the dynasties regarded the village as an entity and held it responsible for the payment of the revenues, and the main



tenance of local order. Thus either the "Panchayat," or the landlord governed the village to all intents and purposes. This self-sufficiency and local autonomy are fast disappearing today, owing to various divergent forces both economic and political. The process of centralisation which had already commenced in the Mohamedan era, has completed itself under the British regime, and with the growth of centralised Government, the whole system of old village communal Government has broken up. So far as administration is concerned its place has gradually been taken by government officials, or such semi-official bodies as the local boards, district and municipal boards and so on. The Judicial and legal functions have been taken over by the Government law courts.

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## CHAPTER II.

## Conditions in the Indian Village.

## SECTION I The Village.

In order to realise fully the magnitude of the problem of rural reconstruction in India, it seems essential at the outset to say something about the existing conditions of life in the Indian Village. A description of the village society and rural life in India will help to explain the need for social and economic reconstruction.

An Indian village, as we have already seen, is just a cluster of a few dwelling houses, huddled together in the most unsystematic manner. There are no roads, in fact there is not even a single paved passage. The open spaces between the houses serve the purpose of roads, and are used also for throwing the village dirt and waste. They are no more than mere dung-hills.

The so called dwelling-houses are no more than mere thatched huts with crude mud walls raised from the ground by the unskilled labourer. The mud is dug out of the ground near by and the pits are often left unfilled, or filled in only with the village waste and refuse. Some times the ditch fills with rain water causing pollution of the air when the refuse



begins to rot and provides breeding-places for mosquitos. No attention is paid to ventilation in the houses; no arrangement is made for free access of light or air. The darkness is favourable again for the breeding of mosquitos; it is favourable also for the breeding of rats and fleas. While the mosquitos carry the malaria germs, the rats and fleas are mainly responsible for plague, a much more terrible disease than malaria.

Absolutely no regard is paid to the sanitary requirements, and the cleanliness of  
 Sanitation. either the public places or the private dwellings. There are no drains either in the so-called streets or in the private houses. In the rainy season the courtyards of the houses and the streets present the appearance of pools of water and mud. These are the best places for the breeding of mosquitos and flies, two of the most dangerous enemies of mankind, one conveying the germ of malaria fever, and the other of cholera. There are no latrines, not even in the houses. The dunghills, the streets, and the surroundings of the village serve the purpose of latrines, with the result that filth when dried up is carried by the wind and deposited upon food, or is washed by rain water into the tanks and wells, thus polluting the drinking water. This leads to diseases like cholera, dysentery, hook-worm, etc.



There is no arrangement for the supply of pure drinking water. The chief sources of water-supply in a village are either the tanks or wells. They are rarely protected by walls or barriers, and thus easily get polluted by the waste water which comes rushing into them in the rainy season, carrying with it all the filth and dirt of the village. Nor are these tanks and wells cleaned and disinfected. The result is that this unclean and unfiltered water is quite unfit for drinking and injurious to health causing many of the diseases already mentioned.

## SECTION II Public Health

The importance of the problem of public health can never be exaggerated. Yet in the Indian Village sanitation is sadly neglected. The Indian peasant is ignorant and poor; he does not understand or observe the laws of personal and civic hygiene. The result is a very high rate of mortality among the rural population.

Some idea of the havoc caused by preventable diseases such as plague, cholera, small-pox, malaria, dysentery, kala-azar etc. could be formed from the statement contained in the investigation report of the All-Indian Conference of the Health Research workers held in 1926. It says —



"This Conference believes that the average number of deaths resulting every year from preventable disease is about five to six millions, that the average number of days lost to labour by each person in India by preventable disease is not less than a fortnight to three weeks in each year, that the percentage loss of efficiency of the average person in India from preventable malnutrition and disease is not less than 20%. The Conference believes that these estimates are underestimated rather than exaggerations, for allowing for the greatest possible margin of error, it is absolutely certain that the wastage of life and efficiency which result from preventable disease, costs India several hundreds of crores \* of rupees. Added to this is the great suffering which affects many millions of people every year."

"Again Mr J Coatman, Director of Public Information with the Government of India in the publication 'India in 1926-27' says about malaria and other diseases —

"No part of India is free from this scourge, and the number of days of work which are lost every year on its account must run into many millions. The members of every class and occupation in India are affected. And not only the actual days lost are to be counted but the

\* A crore is equal to Rs 10 00 000 and a rupee is equal to one shilling and six pence



weakening effects of malaria on the human system must also be taken into consideration, for it saps the energy and reduces the efficiency of its victims. In other parts of India commonly prevalent diseases like hook-worm, beriberi etc supplement the havoc wrought by malaria, while destructive epidemics, like cholera, plague and small-pox which frequently sweep different areas of India take heavy toll "

He goes on to say —

"It must be remembered that death in India may be a very ruinous thing for a family since it may result in extravagant expenditure on funeral ceremony, may lead to uneconomic partition of land and produce a number of other disastrous effects "

Thus we see that the prevalence of a number of preventable epidemics and diseases not only causes terrible havoc among the people of India, and adds to their distress, but also causes very great economic loss to the country. The evil effects of pestilence and disease could be greatly mitigated if proper attention is paid to sanitation and hygiene



How conditions could be improved in this direction will be discussed in a later chapter. But before discovering the remedies, we must first look into the causes of all these evils. The two fundamental causes of all this trouble are lack of knowledge and extreme poverty.

### SECTION III Education

An Indian peasant is hopelessly ignorant of what is going on around him, he has little or no knowledge of what is going on in the world.

He is ignorant and narrow minded because he is illiterate. The causes of this general illiteracy are to be sought in the customs and traditions of the peasant population, and the existing system of education.

India never had a system of education in the modern sense of the word either in the Hindu or the Mohamadan period.

In the days of the Hindus education was mostly confined to the Brahmans, and it was not supposed to be the business of any other class of people to learn to read and write.\*

But among the Mohamedans there was no caste, and education was not confined to any one

\* There are four classes among the Hindus: the Brahmans or learned people, the Kshatriyas or the warriors, the Vaisyas or the industrial classes, and the sudras who are menials and slaves.



class of people. Hence during the Mohamedan Period education became more general. But still there were no educational institutions of the modern type. There were no universities, no colleges or public schools. The system of education was altogether different. It was more of a private character than public. Every mosque had a school attached to it, and all the children residing in the vicinity assembled for an hour or two in the morning and afternoon, and the learned sage called the "Mulla" (a) who was often the "Imam" (b) of the mosque, gave them elementary education. Those who wanted to continue their studies after the elementary stage which lasted till about the age of thirteen or fourteen, had recourse to some "Moulvi", (c) and had to reside in some town for this purpose.

It is sometimes said that during the later days of the great Mogul Empire, there were more literate people in India than there are now. We cannot say how far this statement is true; unfortunately we have no means of ascertaining this. But whatever the conditions in the past the present situation is not very encouraging.

- 
- (a) A learned man or teacher.
  - (b) The leader who conducted prayers.
  - (c) A very learned man, a master or doctor of learning



Though education in India has made rapid progress in recent years, still it is far from being satisfactory. Some of the latest (1) figures \* show that out of a total population of 247 millions in British India (2) only 22.6 per mille were literate males and 2.8 females. During the year 1926, 10.51 millions of pupils or 4.25% of the total population were receiving instruction of some kind, 7.8 millions in primary schools, 1.72 millions in secondary schools, .29 in technical or other schools, .08 in Universities and .62 millions in unrecognised institutions

These figures are not very promising even if we take into consideration only the towns and cities but if we consider the villages, it will be seen what a woeful tale they tell especially when it is remembered that three villages out of every four are without a school, and about 30,000,000 children of school going

(1) According to 1921 census.

(2) Reliable figures for Native States are not available.

\* The Govt. of India Abstract of the census 1931 says —

“The number per mille of the population of India aged 5 and over who can read and write any language is males 156, females 29, the corresponding proportions (of all ages) in 1921 having been males 122, females 18. The proportion literate in English is, males 25 and females 3 per mille of 20 years and over only. This shows what little progress has been achieved in the matter of literacy in the past one decade



age are growing up without any kind of instruction, and only 7% of the Indian population can read and write, while in the other civilised countries of the world 80 or 90% of the people are literate

Education is mostly confined to towns and cities, and its blessings have not penetrated into the villages

There is no free and compulsory education and a peasant, who by nature is often very conservative, is not inclined to send his child to school, even if there is one in the village. In the first place he may not be able to afford the expense of his boy's education, secondly he may think that by employing him on the farm he can make the best use of him. On the farm he earns something or at least saves the use of hired labour, at school he earns nothing but costs something

Besides this the type of education which is given in these schools is not very useful to the peasant class

These causes explain why the majority of the Indian rural population is utterly illiterate and hopelessly ignorant, extremely backward in ideas and in outlook, narrow minded and conservative



Section IV. **Some Social Evils.**

Conditions of life in different countries are different. It is under the influence of and in accordance with the immediate surroundings that human society develops. Therefore standards of life are various in various parts of the world. Every nation has its own peculiar customs and traditions, and no human society can claim to be perfect, it is bound to have certain weaknesses and drawbacks. India too has certain social features of its own, which to a great extent are responsible for many evils, and which offer many obstacles to progress. These outstanding features cannot be ignored in a programme of reconstruction.

India, even now in the 20th century, is much more subservient to ancient customs and traditions, than perhaps any other civilised country in the world. Often the conventions are so rigid that it is believed to be almost a crime and profanity to break them. The general opposition which has recently been shown to such a useful reform as the Child Marriage Act of 1930, which sought to limit by legislation the age of marriage for both boys and girls, proves how deep-rooted still are the ancient traditions among the Indian people, and with what religious fervour they look upon them.



Among the most outstanding of the rigid customs which are doing a great harm to Indian people may be reckoned child marriage, the Purdah system and the caste system. The system of child-marriage, and the Purdah system act adversely on the vitality and health of the people, while the third, the caste system is responsible for various social evils and inequalities of status which greatly impair the progress of the nation.

A remarkable feature of Indian birth and death rates is that both are much higher than the average rates in other civilised countries. For instance in 1911 the birth rate and death rate in India were 43.2 and 38.5 respectively. According to Taussig the maximum birthrate is 45 per 1000, for a normal population. Judged by this standard, while the birth rate is very near the maximum, the death-rate is very much higher. The cause of this high rate of mortality is to be found to some extent in early marriage.

It is usually the custom among the Indian people to marry at a very early age, and the custom is very rigid among the Hindus who marry their children when they are still in their teens. In fact early and child marriage is a part of their religion. This has a very bad effect on the general health and vitality of the people, as it leads to premature weakness of the



males and constitutional breakdown resulting in the premature death of the females. Not only this, but the children born of early marriage are generally very weak, and in most cases, either they die within a short period of their birth, or, if they survive, they remain subject to frequent attacks of illness, and are very susceptible to fatal diseases and epidemics like malaria and plague, which are much more prevalent in India than any other country owing to very bad sanitary and health conditions.

This, combined with the general poverty of the people, which often prevents them from procuring medical aid and costly medicines, explains the very high rate of mortality in India.

The following table shows the expectation of life at different ages in different countries—

#### MALES

Countries	At Birth	10	20	30	40	50
India	22.53	33.5	45	55.45	66.03	76.05
Germany	44.41	55.41	66.41	77.41	88.41	99.41
Denmark	54.91	65.91	76.91	87.91	98.91	109.91
England & Wales	51.53	62.53	73.53	84.53	95.53	106.53
France	45.74	56.74	67.74	78.74	89.74	100.74



## FEMALES

Countries	At Birth	10	20	30	40	50
India	23 31	23 71	27 96	29 93	10 11	3 06
Germany	50 63	53 99	45 35	3 30	16 17	4 59
Denmark	57 90	56 70	48 09	49 10	16 50	5 50
England & Wales	55 35	55 91	47 10	33 54	15 43	5 49
France	49 13	52 03	44 07	36 93	15 03	5 33

The low average of expectation of life in India means that people are taken away just at the time when their capacity to serve the country is greatest

In connection with the death rate in India, apart from the general low average of the age of mortality, two features are especially remarkable high infantile mortality, and high female mortality. About 1/5th of the children die within one year of their birth and the total rate of infant mortality amounts to 1/5th of the total death rate. Taking the example of two great cities of England and India respectively, we find that while in London the death rate among infants is only 60 per 1000, it is 556 per 1000 in Bombay. This appalling condition as we have already seen is partly due to insanitary conditions and partly to early marriages.

The high female mortality and the general ill-health of the Indian female population especially of the high and middle classes, is due to another evil custom, prevailing in India mostly among

The Purdah  
system and  
Female  
mortality



the Mohamedans, the much-criticised Purdah system. This system keeps women in seclusion, confined to the four walls of their houses and does not permit them to come out and move about freely.

Added to the highly insanitary conditions prevailing in Indian homes, this evil custom of confining women to their small houses, surrounded by high walls, without giving them the chance of going out and enjoying fresh air and having a little exercise has a very injurious effect on the health of the female population. *The high death-rate among the females from consumption and tuberculosis is mostly due to this evil system.*

As regards its social and political effects, women being always confined to their homes, are unable to develop their mental capacities, and naturally their outlook on life is very limited, and their vision too narrow. They are incapable of thinking about their own lives, the lives of their husbands and children, the welfare of the nation, the needs of their country. They are incapable of understanding things in the right way. They cannot come out and help the other half of the population in their walks of life, partly because they are incapable of doing so, and partly because they are not allowed to do so. Thus nearly half the population of India is idle in their homes, and their services are lost to the nation.



We do not wish to enter into the merits or demerits of the system, but one fact remains undisputed namely, that this system has a very adverse and evil effect on the female population of India as regards their health and physical and mental development and consequently on the social and political advancement of India in general. If India is to advance and take its place among the other civilised nations of the world, it has to utilise its full resources, it has to make use of the services of every member of the community, male or female, who is capable of doing any service.

Lastly we come to the much discussed caste system of India, which has always had and still has a very great influence on the social and economic life of the Indian people.

Caste has been defined in the Imperial Gazetteer of India (Vol I P 311) as "A collection of families bearing a common name, which usually denotes, or is associated with a specific occupation, claiming common descent from a mythical ancestor, human or divine, professing to follow the same calling, and regarded as forming a *single homogenous* community. A caste is almost invariably endogamous in the sense that a member of the large circle denoted by the common name may not marry outside that circle. But within



this circle there are usually a number of smaller circles each of which is also endogamous. Thus it is not enough to say that a Brahman as the present day cannot marry any woman who is not a Brahman, his wife must also belong to the same endogamous division of the Brahman caste." It further goes on to say that "in India birth determines irrevocably the whole course of a man's social and domestic relations, and he must through life, eat, drink, dress, marry and give in marriage in accordance with the usages into which he was born."

According to Manu, who was a great Hindu lawgiver of old times and whose code of law is a famous treatise on Hindu jurisprudence, caste has been divided into four main divisions viz, the Brahmans, whose profession is learning, teaching and performing religious rites and ceremonies, the Kshatryas or fighting classes, the Vaisyas, or traders, artisans and cultivators, and lastly the Sudras or the domestic servants and menials.

Perhaps as James Mills thinks this classification originated, really to serve a useful purpose in the technical division of labour, but when it lost all its economic significance and deteriorated into a mere myth, it was invested with a religious sanction and has become the root cause of many existing economic and social evils influencing the lives of the Indian



people What once might have been a fine division of labour, has lost its real purpose to-day.

It has retained the rigidity of its outward form and has acquired religious sanctity but it has become much more chaotic than it originally was, and has led to innumerable losses to the nation and the country In modern times it has degenerated into an institution of oppression and intolerance, giving rise to class conflict, and political differences weakening the whole national structure It is one of those antagonistic forces, which are a great hindrance in the way of social up-lift, economic progress and national unity

In addition to these great social evils there are a few other evil customs and  
 Drink habits to which the peasant class in certain parts of India is addicted to Two of these which cause great economic loss to the rural community are the evil habits of drink and the custom of holding dancing parties on occasions of marriages and other social ceremonies Besides causing a pecuniary loss, the habit of drinking has a very adverse effect on the health and takes away much of the energy and vitality of a fairly hardy people The dancing-parties besides being wasteful and causing a great economic loss to the community have a very bad effect on morals.



In view of the disastrous effect on the national progress of such evil customs and habits some remedy must soon be found to check their bad influence and social reform must find a prominent place in a programme of rural reconstruction

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## CHAPTER III

**Rural Industries of India : Agriculture.****SECTION I Importance of Agriculture**

As has already been pointed out India is predominantly an agricultural country, and every three persons out of four earn their livelihood through agriculture directly or indirectly, and yet the agricultural industry in India is not as advanced as one would expect it to be

Whether we consider the size and the constitution of the holding, or the implements and the fertilisers in use, or the system of rotation of crops, the quality of the seed, or the position with regard to irrigation facilities and other land improvements, marketing organisations, animal husbandry, subsidiary rural occupations etc our agriculture is in a hopelessly backward and stagnant condition. The result is under-production and excessively low out-turn per acre, which at best is often only 1/3rd or 1/4th of what is obtained in other countries and which at worst dwindles to nothing during times of drought and famine.

Under these circumstances the need for agricultural improvement cannot be denied, and no programme of rural reconstruction would be complete unless a



scheme of improvement in every phase of agriculture is included in it. The benefits which will accrue out of these improvements can never be exaggerated. In short they will lead to general prosperity, betterment of the economic condition of the people, and improvement in the standard of living. The problems which arise in this connection are multifarious, but most of them can be solved by the application of cooperative principles directly or indirectly.

In view of the alleged overpopulation of India and the fact that the majority of the rural population does not get two full meals a day, and often can get no more than one, the question arises whether it is possible to increase production. This could be done in two ways, either by extending the area of cultivation i.e. extensive cultivation or by improving the methods of cultivation i.e. intensive cultivation. Agricultural statistics show that 35.75% of the total area is not available for cultivation, only 33.8 is actually cultivated, that 30.2% of the total area is still available for cultivation, though this area is not equally distributed in different provinces.

	In older provinces like Bengal, the United Provinces, Madras and Bombay the
Extensive	land available for cultivation is
cultivation	much less than in the Punjab, Burma, Central Provinces and



Assam This land can be brought under cultivation only if irrigation facilities are provided some permanent improvements on the land are made, and sufficient labour is applied There are certain provinces like the Punjab and Sindh where the problem of irrigation can be solved without difficulty as most of the land is a vast plain, and it is easy to construct irrigation works, and dig canals But there are certain provinces like Bombay and the central Provinces which owing to the hilly nature of the country do not provide the same facilities for irrigation works

As regards labour, the problem becomes rather difficult owing to the extreme conservatism of the Indian people, especially the peasant classes, and their great attachment to their homes, which makes it difficult to shift them from one place to another This is one of the main causes of the immobility of labour in India

The alternative solution of the agricultural problem in India would be intensive cultivation Japan offers us a very good example of the success of intensive cultivation, she supports a population of 56,000,000 from a cultivated area of only 17,000,000 acres i e 1/3 rd of an acre per head, as against 5/6 ths of an acre in India In India hardly any attempt has yet



been made towards intensive cultivation on scientific lines, in spite of the fact that the possibilities of extensive cultivation are very limited.

There are difficulties in the way of both extensive and intensive cultivation, yet these are not insuperable.

It will be our task next to deal with these difficulties and their solution.

## Section II. Low Productivity of the Soil.

It is often alleged that the continuous cultivation of the land under heavy crops, such as cotton, jute and oil-seeds, results "in the progressive exhaustion of the soil". The reason for the increasing tendency to cultivate such crops is not far to seek. They are mostly grown for purposes of export as they command a good market abroad and yield a better profit than grains and other food-stuffs, which have only the home-market.

Apart from this continuous deterioration of the soil, due to the above mentioned crops, the general productivity of the Indian soil per acre is also very low, as compared with other countries. Though agriculture is the greatest industry of India, unfortunately it is conducted



under very unsatisfactory, and adverse conditions. According to Sir M. Visvesvaraya, the average yield is only Rs. 25 - per acre, in India, while in Japan it is Rs. 150 - .

The reasons for this low productivity are various. Some of them can be remedied by the use of more scientific methods while some are unavoidable. Among the natural and inevitable causes may be reckoned the uncertainty and unequal distribution of rainfall. Floods and droughts cause heavy damage to the crops. Wild animals, rats different kinds of worms and insects also do considerable damage to the crops.

Apart from these natural disadvantages there are some internal defects also, viz. the unscientific lines on which cultivation is carried on in India. the low general efficiency of the Indian farmer, fragmentation of holdings etc. The diminishing yield per acre may perhaps also be due to the system of extensive cultivation and the necessity of acquiring less and less fertile lands for the purpose. It is a controversial question whether the low yield is due to the exhaustion of the soil or not.

But whatever the reasons may be there is no doubt that the average yield is very low and it is necessary to devote serious thought to the problem and its solution.



### Section III    Fragmentation of Holdings.

One of the causes of the backwardness of  
 Fragmentation agriculture in India and the poverty  
 its nature of the Indian peasant is the system  
 of division of land, or "the fragmentation of  
 holdings," as it is technically called. This  
 fragmentation of land in India has two charac-  
 teristics. In the first place the size of the  
 holding is small, and in the second place the  
 small holdings are scattered over a vast area,  
 and situated at very inconvenient distances  
 from one another, an inconvenience which is  
 further enhanced by the absence of good means  
 of communication.

A number of causes have been given for  
 Causes of Frag this system of fragmentation, the  
 mentation chief among these being —

- (a) the growing spirit of individualism.
- (b) the Hindu and Muslim laws of succes-  
sion and inheritance
- (c) jealousy and suspicion

Some other causes put forward are

- (d) the increase of population and
- (e) the decline of handicrafts

The growing spirit of individualism has led  
 Sp rit of indivi to the break up of the Joint-family  
 dualism system among the Hindus. The



joint-family system had its origin in the primitive village community, which it resembled in many respects. All the members of the family held land jointly and accumulated all their in-come in a joint treasury, lived together, and drew out of the *common fund according to individual needs*, the oldest member and kinsman of the family being the head of the joint family. But this institution is gradually dying out under the influence of western civilisation and the constant growth of individualistic ideas

Again the laws of inheritance and succession both among the Hindus and the Mohamedans are responsible for the division of ancestral property among the heirs, there is no such thing as the law of primogeniture. Consequently on the death of every member of a family the property is divided and sub divided among his children or other relatives as the case may be. It is sub-divided because every member who inherits a part of the estate desires that he should have a share in all kinds of property, for instance if there are three kinds of land scattered over a certain area, every one likes and insists that he should have a share in each of these, resulting in something very much resembling the scattered plots of the mediæval open field and three field system of England. This desire is partly due to jealousy among the members of the family and partly to the sense of an equitable distribution



The evils accruing out of the system of  
 Evils of fragmentation are obvious. All the  
 Fragmentation disadvantages pertaining to small-  
 scale production arise through fragmentation  
 of land.

In the first place it means waste in many ways. It is more economic to cultivate a large unit of land than a small one. It remains to be seen what an economic unit is. It is various in various provinces and depends on the local conditions of soil and climate, but usually in India it is a piece of land of about 30 acres, which can be tilled economically with a pair of bullocks; a single large well in the centre of the holding would supply the water.

Judging by this standard, if a plot is less than this unit - very often the holding is as small as one or two acres or even half an acre - it is subject to all the evils of small-scale production.

The cost of maintaining himself and his pair of bullocks remains the same whether a large or small unit is cultivated by the farmer. But he has a higher yield for the same expense if his attention is directed to an average unit of land. It is more uneconomical to fence a small plot than a large one, and there is waste of land in fencing and hedging and cutting out paths. If the land is not fenced and enclosed it would remain open to stray cattle and no new system of cultivation would be



possible. Then there is the difficulty of irrigation, as the sub soil water cannot be fully utilised and canals cannot be dug owing to the difficulty and fear of trespassing into other's fields. Machinery such as tractors, winnowing and threshing machines etc cannot be used, as it is impossible for the small farmer to make the best use of them on small holdings.

The fact that the plots are not only small but scattered over a vast area, makes the conditions worse. In the words of Dr Harold Mann "It has in fact all the evils of very small holdings in that it prevents the use of machinery and labour-saving methods, and, on the other hand, of large holdings in that it hinders the adoption of really intensive cultivation by hand labour which is the great advantage of the small holder". The farmer cannot concentrate all his attention on one plot, he has to turn his attention to many scattered holdings and convey his cattle and implements with him. This means an unnecessary waste of time and labour.

Dr Mann very well sums up all these evils in his book "Land and Labour in a Deccan Village", when he says "It destroys enterprise, results in an enormous wastage of labour, leads to a very large loss of land owing to boundaries, makes it impossible to cultivate



holdings as intensively as would otherwise be possible, and prevents the possibility of introducing outsiders with more money as tenant farmers, or as purchasers of good agricultural property ”

On the other hand, there are certain  
 Advantages of the system of fragmentation in the present system of fragmentation in India.

In view of the precarious and uncertain climatic conditions, sometimes the very fact that a farmer has a number of farms scattered in different places saves him from utter ruin, for instance, if the crop totally fails in one area, the other field which he possesses in some other area saves him

Again it is one of the means of preventing the land, accumulating in fewer and fewer hands which means capitalisation of agricultural industry and the formation of a class of large proprietors and the exploitation of peasant proprietors, who are the backbone of an agricultural country

In short it is only a question of degree as to how far fragmentation is allowable and where it should cease. On the whole, however, fragmentation is an evil and it should be checked.



“Consolidation of holdings” can be achieved either by persuasion or coercion  
 Consolidation of Holdings We may convince people of the benefits of consolidation and persuade them to consolidate their holdings on their own initiative or we may secure the same end by legislation i.e. by forcing them to consolidate their holdings

Each of these methods has its own advantages and drawbacks

Under favourable conditions where the interests of the people are identical and where similar conditions as regards the nature of land and facility for irrigation exist. It is easier to persuade people to consolidate their holdings and there is a likelihood of their sticking to such mutual agreements, but in areas where identical conditions do not prevail, it is much harder to persuade people to bring their small holdings together, and even if they do combine under some temporary moral pressure, it is very difficult for them to continue the new arrangements, unless there is some binding force and obligation. It is here that the necessity for the use of coercion arises and the only way to secure consolidation is by legally forcing people to consolidate, and binding the parties to stick to their respective new positions



It is not our purpose to examine on moral grounds the justice of imposing such an obligation by law. Suffice it to say that attempts have been made to meet the situation by legislation. While the Punjab and the United Provinces were still hesitating to introduce legislation to this effect, Bombay took the initiative by introducing a "Small Holdings Bill" in the Provincial Legislative Council in 1927. A good deal of criticism has been levelled against this drastic measure and it remains to be seen how far it will succeed in mitigating the evil, but it will reveal the advantages of Consolidation and cooperation and have a great educative value and in combination with the methods of persuasion and arbitration is sure to achieve the object.

#### Section IV    Absence of Permanent Improvements    Drainage, Fencing, Irrigation

In India improvements on the land which are likely, to yield permanent benefits are conspicuously absent.

There is a Comparative scarcity of irrigation wells, and irrigation channels, there are no fences or embankments round the fields, and there is no proper system of drainage. Owing to these defects and various others with which we shall deal later on, agriculture in India is heavily handicapped compared with the other agricultural countries of the world.



Let us consider briefly the effect of the absence of such permanent improvements. In the first place, the scarcity of irrigation wells leaves the land open to the risk of prolonged droughts which owing to the uncertainty or the failure of the monsoons are a thing of common occurrence. The same remark applies to the absence of proper irrigation systems. The absence of embankments leaves the fields open to devastation by floods and erosions caused by rushing water, and to the very heavy winds which blow during the greater part of the year. The lack of proper fencing leaves the fields open and easy of access to wild animals, stray cattle and trespassers, while the absence of a scientific drainage system leads to the uneven distribution of rain and sub-soil water.

Irrigation has such an important bearing on agriculture that it deserves a somewhat detailed discussion. The importance of irrigation in an agricultural country, can hardly be denied. Owing to the peculiar nature of the country, and the uncertainty of rainfall the need for irrigation facilities is greater in India than in other countries. This need was recognised very early in the history of India and Firoz Shah Tuglak, a Mohamedan king of Delhi in the 14th century A. D. cut the Jumna and Bari-Doab canals which exist even in our own day.



There are many tracts like Rajputana, and Sindh which hardly get four to seven or eight inches of rainfall per year.

There are other parts like the Deccan which are subject to uncertain rainfall, and have to face long periods of drought. There are certain crops which need a constant and regular supply of water. There are other crops, like the Rabi crop usually grown as a second crop in the Deccan and the south during the winter months, when there is scarcely any rainfall in these parts.

The only solution for the problem of water supply lies in an extensive system of irrigation, the advantages of which can hardly be exaggerated.

Irrigation works in India can be divided into three main classes --

Classification

- (1) Wells
- (2) Tanks
- (3) Canals

Well irrigation plays a very important part. About 25% of the total irrigated area gets its water supply from wells.

There are about two and a half million wells all over the country, and 13½ million acres of land are irrigated by them and the total capital outlay over them is Rs 100 crores or about 66 million pounds. Wells are mostly owned by private persons and individual farmers.



Irrigation Tanks have existed from very early times. They are not found in all parts of the country but they are mostly to be found in the Madras Presidency, and the Deccan, there being 40,000 tanks irrigating about 3 million acres of land in Madras alone. They are practically unknown in such provinces as the Punjab and Rajputana and the Northern Indian plains.

In recent times Canals have become a very important form of irrigation. The policy of the Government is very favourable towards the construction of canals and great progress has been made during the last 50 years. According to the statistics for the year 1926, the total length of Canals both main and distributary was 67,000 miles irrigating an area of nearly 28 million acres.

When we realise the importance of irrigation works in India and the need for further developement, we shall be ready to admit that the means and methods of its development must be included in any scheme of rural reconstruction. But from the point of view of co operative effort canals are not so important as irrigation tanks and wells. Only Government with their enormous resources can undertake the extension of canals owing to the magnitude and peculiar nature of the task, but the construction of irrigation tanks and wells being mainly



a matter of individual effort and enterprise may be attempted on a collective or cooperative basis

## Section V    Labour Equipment and Organisation

Another great handicap of Indian agriculture is the comparative incompetence of agricultural labour and the lack of organisation. An average American or European labourer is much more efficient and much better equipped for his task than an Indian labourer, and therefore is able to contribute a greater share to the National production.

The causes of this inefficiency are not far to seek, some of them are internal and some external. It is as difficult to differentiate between them as in the case of the immobility of labour which is also partly due to internal and partly to external reasons.

One of the most important causes of the backwardness of an Indian agricultural labourer is his lack of education. The educational backwardness of the peasant and the evil effects of this lack of education on his daily vocation, we have already discussed in the chapter dealing with education. In fact it is the root cause of all evils. The mental inferiority of the Indian peasant and his physical unfitness are both due



to it. It is the lack of education which makes him narrow minded and conservative, fatalistic in his views lacking in originality and inventiveness, all of which are serious hindrances in the way of economic as well as social progress.

Mr. Brayne in his book "Village Uplift in India" gives a vivid picture of a typical Indian peasant. He says

"By his insanitary habits of living he draws upon himself much avoidable physical suffering with its attendant evils of low vitality and incapacity for persistent and strenuous labour and a sombre outlook on life. He is ignorant, improvident and reckless, a combination of qualities which makes him an easy prey to any one desirous of taking advantage of his weakness. He is too prone to waste his substance and energy in needless litigation. He is too fond of locking up his capital in jewellery and trinkets instead of devoting it to such forms of personal expenditure as would increase his efficiency or employing it in more remunerative investment. He generally spends far beyond his means in marriages and other ceremonies and thus walks with open eyes into the money lender's parlour from which he is rarely able to get out. He shows an insufficient appreciation of the truth that God is wont to save only by human means and a tendency to rely on Providence or some other external agency, and



too little on personal endeavour for remedying every evil which he may be suffering from, and for which he is generally inclined to blame Fate or Providence rather than himself \*

Enough has already been said with regard to the various diseases due to insanitary ways of living but the evils arising from them can hardly be exaggerated. They are a great impediment in the way of general progress and they have detrimental effect on the competency of labour. Apart from the fact that thousands of people are swept away by various epidemics and diseases millions are disabled and devitalised and thus prevented from contributing their share to the national wealth. These diseases are preventable by creating in the peasant a little power of understanding things side by side with the adoption of a comprehensive scheme of welfare work. It is possible if not to eradicate them completely at least to mitigate their evil effects.

No doubt the sub tropical nature of the Indian climate is a greater drawback for the Indian farmer yet the influence of even this can be mitigated to some extent by creating better conditions of life.

Another cause of the inefficiency of labour especially hued labour is its immobility. This immobility is due partly to lack of sufficient means of conveyance.

In mobility  
of  
labour



yance and transport, and partly to the inherent conservatism and absence of the spirit of enterprise, which makes an Indian peasant or labourer stick to his home under any circumstances even though there may be a chance of improving his lot by moving to better surroundings

The influence of social systems, especially the caste system is apparent in this connection also, social manners and habits are to some extent responsible for the immobility as well as conservatism of the Indian rural labourer

Over and above all there is the lack of organisation among the labourers

**Lack of Organisation** This is much more apparent in the case of the agricultural labourers than the industrial. There is no labour bureau or labour exchange in India. There is no agency which can regulate the supply of labour and shift it from place to place whenever necessary, or equip it with the necessary training, the need of which becomes much more imperative in the absence of sufficient education and mental capacity in the labourer himself. The causes of this lack of organisation are practically the same as those of general inefficiency viz lack of education, lack of the spirit of enterprise and the insufficient means of communication,



## Section VI    Material Equipment.

Having considered the personal factor which, though, it is greatly responsible for the backwardness of Indian agriculture, is not the only cause, we shall proceed to deal with the factor of material equipment, the absence of which leads to stagnation in the Indian agricultural industry

We have seen that under the existing conditions there is little scope for extensive cultivation in India. The other alternative therefore is intensive cultivation. But intensive cultivation is not profitable unless it is conducted on scientific lines. The Indian peasant is ignorant or suspicious of new and scientific methods. He still follows the old and primitive methods of intensive cultivation, with the result that the yield per acre is much less than it is in other countries like Japan which have adopted intensive cultivation on modern lines, using all the up-to-date implements and aids to agricultural production.

Scientific methods of cultivation	The use of scientific methods means many things and comprises various items
	It means permanent improvements on the land, an elaborate system of irrigation and drainage, efficient methods of cultivation, a systematic rotation of crops, a judicious selection of seeds, and the use of chemical manure



Some of those items we have already been discussed e g the irrigation and drainage systems and permanent improvements on the land but a few words may be said about the others topics

Efficient cultivation is a very comprehensive term, it includes the preparation of the soil, sowing and harrowing, weeding and preserving the crops against the vagaries of nature and insects and worms, harvesting and cutting of the crops, in fact, all the processes of cultivation from the preliminary preparations to the final stages. Even the selection of seeds and manures is necessary to efficient cultivation

The preparation of the soil is the basis of  
 Soil all the operations and much depends on it. Even the best seeds cannot produce good crops if scattered on unfit and poor soil. The first consideration is the selection of the soil, but the farmer is to a certain extent bound down, in respect of this, as almost all the best available soil has been already utilised and brought under cultivation. The best he can do is to allot different kinds of lands for appropriate purposes and use them only for the crops for which they are best suited. Experience shows that the Indian farmer pays very little attention to the preparation of the soil, he is often very careless about it because he is not well equipped with the up-to-date means of doing it



He still uses the primitive type of ploughs, Machinery furrowing and harrowing machines, which his ancestors used a thousand years ago. Perhaps it is too much to expect the poverty-stricken Indian farmer to use the best and most up-to-date machinery for these purpose at this stage of development, but it is certainly not far too much to expect him to use the improved kinds of implements which he can not only obtain easily, but use without much effort or skill and without the technical and mechanical knowledge, which to some extent is undoubtedly necessary for the successful use of modern machinery.

The next item is the proper manuring of Manures the soil. This is very much neglected by Indian farmer For garden produce he does make use of some kind of manure but he rarely uses fertilisers on the fields

The effect of manures in increasing the productivity of the soil cannot be exaggerated Statistics of various countries show that by the use of proper manure on the soil an increase of 50 is possible in the yield of many crops.

But the Indian farmer does not know it, and even if he does he has no facilities for using proper manures, either because they are not easily available, or if available are too costly, Thus, owing to their prohibitive cost, he cannot



use chemical manures which are undoubtedly more powerful than natural ones But the pity is, that he does not even make use of natural manures which he can easily obtain with very little effort and at very little expense The cow-dung which is so abundantly available in India can very well serve the purpose of a good manure for many crops But unfortunately a great deal of it is wasted every year, instead of being used as manure, it is used as fuel It is the custom to make cakes of cow dung which is dried and used as fuel instead of wood Mr Brayne greatly deplotes this mis use of it and lays great stress on its value as field-manure

Another great item in the equipment of an Indian farmer is live stock, especially cattle The importance of cattle can never be exaggerated, for, apart from their value for agricultural purposes, they are useful to him in many other ways We have seen that an Indian farmer is quite ignorant of the use of machinery in agriculture and all the implements used are of a primitive type Whatever motive power is required to work them is supplied by cattle and not machinery For all ploughing and water-lifting purposes cattle are used Secondly they supply a great quantity of foodstuffs in the form of milk and ghee (clarified butter) , Thirdly, they are also a source of manure and fuel



supply, cow dung being used for both these purposes. Lastly, they are used for transport purposes, both for travel and transport of goods. The bullock cart is the only means of conveyance in rural areas where there are no good roads and where mechanical means of transport are not well developed.

In spite of the great importance of live-stock in India the condition of cattle is very miserable.

The following table shows the number of heads of cattle per 100 of the population in different agricultural countries -

India	61	heads of cattle per 100 persons			
Denmark	74	"	"	"	"
United States	79		"	"	"
Canada	80		"	"	"
Australia	259		"	"	"
New Zealand	150				

A pair of cattle can efficiently plough an area of 5 acres but in certain provinces of India it is made to plough as many as 40 acres. This reduces the energy of the Indian live stock, and combined with the fact that they are not comparatively well fed, contributes to their inefficiency.



The problem of fodder supply is also very hard in India. It is only during the rainy season that there is enough supply of fodder, but in the hot season especially during the months of April and May there is scarcely any grass to be found. No adequate provision is made for stacking hay and what is stored is not sufficient to feed the cattle during the period of scarcity. The reason for this scarcity of fodder partly lies in the absence of pasture lands which are disappearing with the extension of cultivation. Overwork and poor nourishment impair the energy and efficiency of cattle, and lead to a high rate of mortality among them. Low vitality renders them susceptible to disease and a short drought any year is enough to kill thousands of them. Rinderpest, foot and-mouth disease, and other epidemics cause tremendous havoc every year.

The cultivator neither takes steps to prevent epidemics among his cattle nor does he care for cattle breeding on systematic lines. Again he is too sentimental to kill decrepit cattle which serve no useful purpose, but form an unnecessary burden on the already meagre supply of fodder. This sentiment is chiefly due to religious susceptibilities which prohibit the slaughter of the cow which is considered a sacred animal.

The result is, that very uneconomic use of live stock is made in India, both as re



Organ sation in Product on

In the case of holdings and allotments of shares there is always dispute, resulting in the unnecessary division of holdings into smaller and smaller uneconomic units

In the case of live stock there is always fighting among the neighbouring farmers, over the petty questions of grazing, trespassing and so on.

The essential need of the agricultural industry like any other industry is capital, a need which has assumed a very grave character in view of the notorious poverty of the Indian farmer and his indebtedness to the local money lender. This rural indebtedness forms a separate topic in itself and is so important that we shall deal with it separately. Apart from these there are two other phases of agricultural industry in which organisation, would be of great advantage - viz the purchase of accessories and the sale of produce.

India is a land of small peasant proprietors and every farmer cultivates his own land individually and quite independently in every respect. He never seeks the help of his neighbour in the preparation of the soil, although if he did so, he can do it more economically, if he returns the courtesy and offers him his own assistance, both would gain. For instance, if two neighbouring farmers, each having 5 or 6



acres of land cooperate and agree to keep a pair of bullocks common between them, instead of each having a separate pair, this would save them the expense of keeping two pairs, as a pair of bullocks can conveniently plough about 20 to 25 acres of land. The same remarks apply to the use of machinery and implements in common.

But even if we set this aside as impracticable owing to the difficulties in the way of joint ownership of property, there is no reason why two farmers or more should not combine in the purchase of their common needs. Needs are of two kinds, pertaining to the family and daily life and pertaining to industry. Both can be secured economically by effective combined action, with the former we shall deal in its proper place, it is the latter which is our chief concern here. Every year the farmer is in need of seeds and manure. If the farmers combine together in the purchase of seeds and manure, they can not only obtain them of the best quality and standard, but on the most advantageous terms.

Organisation in Distribution  
This lack of organisation is much more keenly felt in the final stages of the industry than in the preliminary ones, viz in the disposal of the produce



There was a time when Indian villages were self-sufficing and what was produced on the land was absorbed locally. But recently the Indian agricultural industry has assumed the characteristic of a commercial industry and a good percentage of the annual produce is exported to foreign countries.

With the commercialisation of industry has arisen the very important question of marketing. Having lost the self-sufficiency characteristic of agricultural industry and at the same time the privilege of protection by the village community the Indian farmer has to face the very serious problem of meeting the money-lender and the middleman.

Owing to the lack of facilities of transport and his own ignorance of marketing technicalities he cannot come in direct contact with the ultimate consumers or wholesale buyers. This situation has given rise to a special class of merchants in India called middlemen. These middlemen, who sometimes act as agents of wholesale buyers, are scattered all over India, especially in those areas where the produce is specially raised for export purposes. The illiterate farmer is quite ignorant of the conditions of the market and the world prices of his produce. But even if he knew this, he is not in a position to hold up the stock in anticipation of a better market. He is urgently in need



of money, because he has to pay Government dues, the land revenue, the debt of the "Sahocar" (local money lender) and so on. Besides this he has perhaps already mortgaged his produce in anticipation to the middleman who might have advanced him some money. This binds him to sell the produce, as soon as it is ready. Even if he is not thus bound, he is compelled to sell at any cost in order to meet his urgent demands. As all the produce is ready practically at the same time of the year all the farmers come forward to sell it simultaneously. The result is that the market is glutted with the same kind of goods. Under these circumstances it is practically impossible for the farmer to get a fair price for his produce.

All this trouble is due to the lack of organisation and the absence of a guiding hand. The solution lies again in some form of organisation and the best form of organisation is one based on cooperative principles.

## Section VIII Rural Indebtedness

The greatest of all obstacles to the progress of agriculture in India is the extreme poverty and indebtedness of the rural population. In spite of the fact that India is predominantly an agricultural country its main industry is in a very backward condition. We have considered some of the defects in res



pect of material equipment and organisation but the root cause of all this trouble, is the rural indebtedness which in view of the peculiar nature of debt which is mostly unproductive, becomes much more injurious

Indebtedness is not a new feature of Indian rural economy, it presented a grave  
 Extent of Indebtedness and urgent problem even in the second half of the last century. As far back as 1880, the Famine Commission arrived at the conclusion that about 2/3rds of the rural population of India was inextricably involved in debt. Various estimates have since been made, Sir Frederick Nicholson in 1895 estimated the total rural debt of the Madras Presidency at Rs 45 crores, in 1911 Sir Edward MacLagan calculated it to be Rs 300 crores for the whole of British India. The Punjab, the most highly indebted of all the provinces in India shows a figure of Rs 90 crores in 1924. Calculating on this basis the figure arrived at for the whole of British India is about £ 400 millions.

The amount of the debt may not seem very considerable when we remember the vastness of the area and the numbers of the population, but since the debt is mostly unproductive it becomes a very serious problem, as, instead of being repaid from time to time, it goes on accumulating.



The causes of indebtedness are multifarious

In the first place the extreme poverty of the people in itself is a cause of it. Poverty and indebtedness go together and have the mutual relation of cause and effect. Some of the causes of poverty and indebtedness have already been dealt with, for instance over population and its excessive pressure on the land aggravated by the varying and unequal distribution of the population, the subdivision and fragmentation of holdings, the absence of subsidiary cottage industries, and the general ill health of the peasant population owing to various diseases and epidemics giving rise to an extra expenditure.

The uncertainty of harvests is another cause of poverty and indebtedness.

The heavy mortality of cattle due to famine and disease every year is also a very great burden on the purse of the peasant as he cannot do without cattle and is obliged to fill in the place of the lost cattle every year by purchasing new ones. The large percentage of loans given by cooperative societies for the purchase of cattle is a good testimony to this.

As a matter of fact an Indian peasant starts his life with debt. When he comes into his estate, he finds that his lands are already mortgaged with some "sahocar" for the debts incurred by his ancestors, debts which have



been handed down as a legacy from generation to generation and have accumulated to enormous sums owing to the system of compound interest

In spite of this he has to perform certain religious ceremonies on the death of his parents. If he is a Hindu he is obliged to perform certain funeral ceremonies and if he does not do this the soul of the dead is supposed to wander without rest. In the case of Mohamedans too there are certain ceremonies which have to be performed, and these ceremonies mean expense. Though the peasant is aware of the fact that he is in debt and though he realises the consequences of incurring further debt he cannot avoid borrowing, as he has to perform these ceremonies at any cost, otherwise he would lose his position and prestige in society.

Another expensive item is marriage, which has a number of ceremonies attached to it also. Religion enjoins every Hindu to marry so that he can have a son who would perform the ceremonies at his death and save his soul. Marriage is an institution which is quite common among Mohammedans too. The ceremonies and customs attached to it make it one of the most extravagant social institutions in India, and one of the main causes of the indebtedness of an Indian peasant.



In most of the provinces a man has to pay a decent price for the bride. Again he has to provide a good deal of jewellery for her\*. Not only this but he has to perform a host of ceremonies which custom has made popular. It is customary on such occasions to hold feasts and even the man who belongs to a humble station in life spends extravagantly and without any regard to his financial means. If he has saved something out of a year or two of prosperity he squanders it recklessly even if he is already involved in debt he raises further loans to pay for the feasting and revelry. Apart from these ceremonies which have more or less acquired a religious character he has to perform a host of others throughout his life in connection with the birth the schooling, etc of his children.

All this means expenditure. It may be possible for him to perform some of these ceremonies in a frugal way by curtailing the expenses to suit his pocket but partly being by nature extravagant and improvident and partly due to the spirit of jealousy and ambition to excel others in pomp and grandeur he is obliged to spend extravagantly and consequently to raise money by borrowing. Apart from this extravagance and improvidence an Indian ryot is addicted to two more vices viz litigation and the habit of drinking.

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It has been estimated that during the past 50 years precious metal to the value of about 500 million pounds have been imported into India and absorbed in either hoarding or manufacture of jewellery a sum which according to Mr Calvert is sufficient to pay off the whole agricultural debt of the country.



Litigation is common and familiar to all the rural families of India and the desire to go into the law-courts has become a second nature of the Indian peasant. The agricultural profession and litigation are often inseparable. The causes of this evil lie partly in the habitual jealousy and suspicious nature of an Indian ryot, partly to family traditions and partly to the system of division and fragmentation of lands and the laws of inheritance and succession. Lack of education is of course the root of all trouble. Litigation in India is perhaps much more expensive than in any other country owing to an elaborate and complicated procedure in the dispensation of justice.

Another evil to which the Indian ryot is habitually addicted is drinking. In spite of the fact that drinking is prohibited by religion, especially by the Muslim religion, this vice is prevalent among the ryots. Apart from giving rise to a number of quarrels and crimes, resulting in litigation, the habit in itself is a very expensive one and a good share of the peasant's poor income is spent on drink. What with drink and litigation the peasant courts his own ruin. If he is abstemious and prudent, he might save himself from debt and misery.

The rising generation is not content to follow the footsteps of the old. There is a change in outlook and



ideas The son of a peasant who has been educated in one of the government schools, acquires expensive habits and a love of luxury In other words his standard of life is raised Besides this, the peasant himself who formerly led an isolated life in his village owing to the increasing facilities for travel visits the cities, where he is tempted to spend money on cheap luxuries, of foreign manufacture He has no great need of them but the temptation is strong and he is induced to buy them

Last, but not least is the facility for borrowing which makes the ryot reckless and improvident The moneylender provides all kinds of apparent facilities for the borrower and the poor ignorant peasant is quite unaware of the trap set for him In the past, public opinion within the village community was a great check on the moneylender and afforded a good deal of protection to the borrower But with the disappearance of this check the moneylender is left free to deal with the needy but ignorant cultivator, and draws him by various means into his clutches

It is sometimes alleged that the high rate of land revenue assessment is also one of the causes of rural indebtedness One of the purposes for which loans are advanced by cooperative credit societies, is the payment of government dues One may infer



from this that this burden is also a cause of indebtedness. *Prima facie*, the conclusion may seem justified but a careful consideration will show that it is wrong. Why is a peasant in need of money to pay the land revenue? He borrows because he has already spent a large amount on other unnecessary items such as marriage ceremonies, litigation and so on, and is not in a position to pay the land revenue. If he had not been so extraxagant, he would perhaps have saved enough to pay off these dues or at least a part of it, and need not incur a debt now for that special purpose.

A cultivator is however obliged to borrow sometimes for legitimate purposes, for instance, when the crop has failed or for the purchase of seeds or implements, or in other words for raising capital to increase his business, but there is a difference between this kind of debt which is productive and the one incurred for unproductive purposes. Unfortunately a greater percentage of the sums borrowed by an Indian cultivator is for unproductive purposes which can never be justified from an economic point of view, and it is in this that there lies the whole trouble which has given rise to one of the most complicated problems of rural economy in India.



## Section IX Domestic or Cottage Industries

India is and has always been an agricultural country. But this does not mean that there were no other industries, though it is true that India never was an industrial country in the modern sense of the word. Before the age of machinery when all industries were carried on by hand, India had a very highly developed system of handicraft industries. The chief industry of India was spinning and weaving. The muslin of Dacca was famous all over the world and supplied the needs of the aristocracy in Greece and Rome. Kashmere had a very flourishing woollen industry. Kashmere shawls are still famous all over the world and there is a special kind of woollen cloth which is called "Kashmera". Masulipatam famous for its calicoes has given its name to a special kind of cloth. Among other industries there were the manufacture of gold and silver ornaments, jewellery, brassware and fancy goods, stone and ivory carving, sandalwood engraving, enamelling, leather curing and paper-making.

Even the shipbuilding industry was not unknown; it flourished in the coastal towns.

Though most of these industries were confined to towns there were many which were found in rural areas.



Spinning, weaving and dyeing industries were a special feature of rural areas. Practically every house in the village had its own spinning wheel and hand-loom.

In Bengal, which produced immense quantity of jute, rope-making was carried on as a rural industry. Sericulture, silk-manufacture, production of honey and lac, were among the other industries confined mainly to rural areas, and better known by the name of cottage industries.

All these industries were in a very flourishing condition during the days of the Mogal Empire. But with the fall of that Empire in the 19th century their decline had also begun, and the absence of any great demand at home, the competition of foreign machine-made goods, and the adverse policy of the East India Company, and afterwards of the British Parliament, hastened their decay. Most of these rural industries have either totally died out, or are in a dwindling state just on the verge of disappearance.

Though as a result of the recent change in the policy of Government, industries have revived to some extent, no favourable effect is perceptible on rural industries. As a result of the decay of old industries in India people rever-



ted more and more to agriculture. This process is clearly revealed by the census statistics for the past 30 years. The following table shows the percentage of people engaged in agriculture out of the total population since 1891.

Year	Percentage
1891	61%
1901	66%
1911	71%
1921	72.8%
1931	75%

This situation is not very encouraging, it means that the number of people dependent on agriculture for their subsistence, is far in excess of that really needed for the cultivation of the soil. It has led to the loss of the economic equilibrium of the country and is responsible for the excessive poverty of the masses and frequent recurrence of famines, a fact which was pointed out as far back as 1880, by the Famine Commission. One of the means for the prevention of famines suggested by this Commission as well as that of 1901 was "diversity of industries."

Possibilities of the revival of cottage industries

The flourishing condition of various industries in the past, and the successful revival of some of them in recent years, reveals that India may develop other industries besides agriculture. Her resources of coal and iron may not



be as rich as those of some of the great Industrial countries of the world, but still her mineral wealth is enough to make her an industrial country in the real sense of the word

Industrialisation may be urban or rural. In view of the fact that India is mainly an agricultural country, and that the majority of the population is occupied in cultivation, or other occupations connected with the soil, the revival of rural industries becomes a matter of great importance and must form a very important item of a scheme of rural reconstruction

Rural Industrialisation is more popularly known by the name of the Revival of Cottage Industries and this is our chief concern here as we are dealing with the problem of rural uplift rather than industrial reorganisation in a wider sense

The need for revival In view of the peculiar economic conditions of Indian rural life, the problem of cottage industries is rather a complicated one, and deserves careful consideration. At the outset two important questions arise in this connection. First, whether it is advisable to persist in the revival of these industries, and to carry them on side by side with large scale urban and national industries; secondly, whether it is possible for



these industries to exist side by side with the other class of industries, in face of foreign, and to some extent even local, competition.

Under the existing economic conditions it seems both possible and desirable to revive these industries.

We have seen that about 75% of the population of India is engaged in agriculture. But this does not mean that the people engaged in it are occupied in cultivation throughout the year. There are intervals during which cultivators remain quite idle, because they have nothing particular to do. There are usually two crops in India, one in the rainy season called the "Rabi Crop" and the other in the cold season called the "Khareef Crop". The first crop entirely depends on rains and if in any year the rains fail, or if there is insufficient rainfall or prolonged drought, the crop fails. As the irrigation system is not very highly developed in India, except in a few provinces like the Punjab and Madras, when there is a failure of the monsoon the crops fail, and the cultivators having nothing else to do, naturally remain idle till the next crop, or, where there is only one in a year, till the following year.

Apart from this even in normal circumstances they are not occupied all the time of the year. When they have finished sowing they



have practically nothing to do till the harvest time except to watch the crops clear the weeds and irrigate from wells if necessary. This does not take away the whole of their time but allows them ample leisure. They must utilise this leisure in some way or other. Besides this they have their families whose services are only required at harvest time and who are idle during most part of the year. Thus a good deal of human energy is wasted which otherwise could be utilised for useful and productive purposes. The best way in which this energy could be utilised is some kind of productive work which might add to the individual income as well as the national dividend. This productive work could be found for them in the form of what we call cottage industries.

The Chief cottage industries were the cotton weaving industry the woollen industry sericulture and silk industry dairying poultry farming raising of honey bee and other minor industries such as rope making pottery basket making clay toy manufacture etc.

Having admitted the need and desirability of reviving and introducing cottage industries in rural areas and among the rural population we come to the second question viz whether it is possible to revive them and run them successfully in the teeth of foreign competition and local large scale industry.



It must be remembered that even in large scale production, there are certain limits beyond which it does not pay to increase the scale of production. Moreover it has often been pointed out by various economists that in every progressive society there are many articles, for instance, artistic products and luxury-goods which do not lend themselves to standardised production, but have to be made by hand. Experience shows that even in the most highly advanced industrial countries of the world there still exist a number of small industries.

Therefore there seems to be no reason why in India, which cannot be called a great industrial country, small industries may not be able to exist and flourish. In fact, under the present conditions small scale and rural cottage industries have great possibilities of success.

This does not mean that all the industries which ever existed in India have all an equal chance of revival in the face of a general industrial expansion and development in the country itself and in the face of ever increasing foreign competition. But there are certain industries which might survive and persist in their existence, in spite of severe competition. They may be conducted on a small scale yet providing enough occupation and profit to the millions of people who remain idle for many days in the year.



Assuming that it is both possible and desirable to revive and continue the small cottage industries in rural areas the question arises as to what would be the best means of doing so, and what methods have to be adopted

First and foremost is, of course, general education. But, side by side with this, provision will have to be made for technical education, with special reference to rural industries and handicrafts. This education and training could easily be given through industrial and technical schools and demonstration classes in ordinary schools.

The supply of cheap and suitable raw material and the provision of more efficient and up-to-date tools and implements are other means of reviving cottage industries. In certain industries craftsmen have to be guides in the suggestion of new patterns and designs. In many cases better organisation of production is also necessary. I do not mean that all the men engaged in a particular industry should be brought together in a factory. This would import the evils of the factory system. I only suggest cooperation in production.

Capital is another great need of the village artisans and rural handicraftsmen. This could be provided in the form of loans by the Govern-



ment, through the Department of Industries, which can also supply suitable tools cheap, on the hire-purchase system

But the best solution of the whole problem is the organisation of cottage industries on a cooperative basis by the application of cooperative principles

By special kinds of industrial cooperative societies, it is possible to provide capital by advancing loans at a moderate rate of interest, to supply raw material, tools and implements, at a comparatively low price, and to provide facilities for the sale of finished produce

Attempts have recently been made by Government to help cottage industries by establishing Store Purchase departments as in the United Provinces, or by legislation as "The State Aid and Industries Acts" of Bengal and Madras

But the industrialisation of a country cannot be carried on successfully unless it is co-ordinated by individual and national effort, and this could best be done by the formation of special kinds of industrial cooperative societies whose main purpose should be the revival and organisation of cottage industries in rural areas



**P A R T II.**

**THE  
COOPERATIVE MOVEMENT  
IN INDIA.**



## CHAPTER I.

### History of the Cooperative Movement in India.

#### Section I Some Indigenous Cooperative institutions.

Before attempting to formulate a scheme of rural reconstruction on cooperative principles it seems desirable to give some idea as to the origin of the cooperative movement in India, its historical development and present position

Early Coopera-  
tive institutions  
Panchayats

It is a common belief that the idea of co-operation is entirely new to India, that co-operative institutions, so far at least as the principles on which they are formed are concerned, had their origin in foreign countries and that they were imported to this country from Europe about the end of the 19th century.

It may be true to say that the cooperative movement in its present form did not exist in India before its inauguration in 1904, but it would undoubtedly be an error to believe that it did not exist in any form whatsoever. As is generally the case in practically every country of the world, the traces of cooperative organisation in various forms are also found in India since very remote times. Cooperation in



essence has existed in this country from time immemorial. As far back as nearly 2000 years ago, during the early days of the Aryans, the ancient village societies, more popularly known as the "Panchayats" were based on principles of cooperation. These indigenous and primitive institutions grew with the growth of the people, till they formed an integral part of the ancient village community and continued as such, till very recent times, when owing to the centralising tendency of the British administration they fell into decadence.

These assemblies were admirably suited to the national character of the people. They were not based on any primary laws or intricate forms but developed gradually and spontaneously with the growth of the ancient village community of which they were the natural outgrowth. The modern principle of election was unknown but the procedure was one of wise and judicious selection. A Panchayat usually consisted of five persons who having come to prominence owing to certain special qualities of character or intellect were automatically selected as the rulers of the society, without the formalities of election by the village community. This shows that the spirit of cooperation worked as harmoniously in ancient Indian villages as in any perfectly organised modern cooperative institution in any country.



The Panchayat was the executive body of the village community and had the whole administration of the village in its hands. It looked after the sanitation and health of the village and the people. It arranged for the water supply by digging wells, excavating new tanks or repairing old ones. Education was also its concern, it established schools for the education of children and night schools for adults, it also arranged for some sort of agricultural instruction.

As the executive body it was its function to look after and maintain the roads and waterways and devise means for the improvement of cottage industries. In certain cases it went so far as to promote industrial and business projects which would improve the material resources of the village.

The village Panchayat moreover acted as arbitrator in cases of minor disputes both civil as well as criminal and was the sole judicial authority.

In fact the administration of the rural community was entirely in its hands, and the internal economy of the village group was thus managed by the people through this body. The fact that this great authority of the Panchayat lasted only so long as the community at large tacitly accepted it shows the democratic character of the village government.



Coming from the administrative to the economic side of the village community we find that the germ of cooperation existed there also in some form or other. The two most outstanding institutions which were based on principles of cooperation were the 'Dharmagolas' or grain stores, and the 'Nidhis' or friendly societies or mutual aid clubs.

Every village society maintained a public granary to which each agricultural proprietor contributed at every harvest according to the extent of land he possessed or the produce thereof. In the years of scarcity or in the long intervals between harvests these public stores were useful. Owing to the poverty of the agriculturists it often happened that they had to sell their grain immediately after the harvest, when prices were at their lowest, in order to pay rent, land revenue, money lenders' debt etc. and they not only could not hold back their produce in the hope of a better market but could scarcely keep in hand enough food grains to maintain their families till next harvest.

So the objects of the Dharmagolas were -

(1) To enable the agriculturists to hold back their produce till they could sell it at the



(2) To establish a store of paddy to be lent out as seed-grain, or for the maintenance of cultivators or for the repayment of debts in kind

(3) To create a reserve stock for unforeseen emergencies such as famine or scarcity

The essential principles on which these institutions were based were mostly cooperative, though they did not follow any written code or laws of cooperation. Another remarkable thing was that they were indigenous and were not imported from outside.

Another institution of comparatively recent growth, - (its origin can be traced back

Nidhis or Friendly  
Societies

to the middle of the last century)

the underlying principles of which are also cooperative, is that of the "Nidhis" of Southern India. These societies were greatly analogous to the Friendly and Building Societies of England. At first they were formed for certain definite periods at the end of which they were dissolved and the profits divided among the members. But subsequently they assumed the character of permanent institutions, fresh shares being periodically issued when the first period terminated.

The essence of these societies was mutual aid. The members joined the "Nidhis" to help one another by common contribution to funds.



which were lent out to members according to their individual needs.

Yet another kind of cooperation existed in the old days among the rural population in the pursuit of their agricultural occupation. It was principally "cooperation of labour". The poorer classes of people cooperated by assisting one another in the building or repairing of their cottages. It was in fact a kind of 'labour exchange' operating in various phases of rural life. Again there was cooperation in farming. The agriculturists often pooled their resources of live stock or implements and helped one another in tilling their respective fields. Similarly there was cooperation in excavating tanks and digging wells which they did by combining together in their leisure from their usual agricultural occupations.

All this shows that the fundamental principle and idea of cooperation was not unfamiliar to the old rural communities.

In fact the Hindu caste system, which in more recent times has lost its original significance and has given rise to a number of social evils was itself based on the idea of cooperation. It was really an economic institution in origin effecting a scientific division of labour, most suited to the rural conditions of olden days.



The idea of universal brotherhood enunciated by Islam which permeated the Indian rural society after the Mohamadan conquest is another illustrious example of the existence of the spirit of cooperation in Ancient & Medieval India

The Mohamedan  
Brotherhood

It is on these foundations that the structure of the modern cooperative movement in India is built. The ground was fully prepared and there was ample scope for the success of a movement like cooperation.

## Section II Early History of the Cooperative Movement

It is only towards the last quarter of the 19th century that we begin to get glimpses of the cooperative movement in its modern form in India.

Origin of the  
Movement

At the outset one noteworthy feature in connection with the Indian cooperative movement is that its growth was not spontaneous, as it was in Europe the home of modern cooperation, where it had its origin in the efforts of people to solve their social and economic problems. The rise and growth of this movement in India is the result of deliberate action on the part of the Government rather than the initiative of the people.



When we look at the conditions and circumstances under which the movement started in various countries of Europe, we find that the conditions and the needs were different in different countries. In England it was the desire to raise the standard of life of the working-classes that gave rise to this movement, hence the development there of Consumers' cooperation. In France the local conditions gave rise to Producers' Cooperation, while in Germany the prime necessity was capital and consequently the rise and development of credit institutions is the outstanding feature of cooperation in this country. Italy gives us a good illustration of the cooperation of labour and of associations for cooperative cultivation and banking.

In India as in Germany the pressing need of the time was cheap credit and the State took the initiative in starting a movement the object of which was to free the rural population from the clutches of the moneylender, and "to deal with the stagnation of the poorer classes, and more especially of the agriculturists."

It was found in many parts of India that in spite of the rapid growth of commerce and improvement in communications, the economic condition of the peasants did not improve. Indebtedness was increasing day by day, usury was rampant, there was not even the slightest improvement in the old methods of cultivation,



and in fact all the unsatisfactory features of a backward rural economy persisted.

This stagnation of rural India for many years attracted the attention of Government, and various efforts were made from time to time to improve the condition of the people.

An attempt was made to supply cheap credit in the form of Government Loans, Post Office Savings Banks were opened to encourage thrift, laws were made to deal with usury, indebtedness, alienation and allotment of holdings etc. Efforts were also made to improve sanitation, foster education, and to improve the general condition of the people.

But all these measures seemed to have no effect and the situation was getting worse and worse. The crux of the whole problem was found to be the heavy rural indebtedness, and the remedy for this chronic trouble was discovered in cooperation. Government profited by European experience.

In 1882 at the initiative of Sir William Wedderburn, then the District Judge of Poona, it was proposed to start an Agricultural Bank in the Poona District, for providing capital to the agricultural classes on reasonable terms. The scheme was to borrow money at a moderate rate of interest and lend it to the ryots at a higher

Pioneers of  
the Movement



rate—a rate which still was much lower, than what usually the local money-lenders charged \*. These loans were to be advanced on the security of the ryot's industry and personal honesty. The Secretary of State for India did not approve this scheme and it was given up as “unpractical and financially unsound”.

The scheme had failed, but the credit of evolving a scheme for the solution of the problem on cooperative principles goes to Sir William. The need of supplying cheap credit to the Indian ryot remained the same, in fact it became more serious as time passed, and the idea started by Wedderburn ultimately gave rise to the coöperative credit movement in India.

The first practical step towards this was taken by the Madras Government, which in 1892 deputed Mr (afterwards) Sir, Frederick Nicholson to study the system of cooperation in Europe with a view to introduce it in the Madras Presidency. Sir Frederick after studying the movement for many years in Europe and America compiled a voluminous “Report on Land and Agricultural Banks”

Mr Dupernex, a civilian of the United Provinces also worked in the same field and as a result of his research brought out a book called “People's Banks in Northern India”.

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\* (The local rate of interest charged by the money lenders varied from 30% to 200% in various districts)



It was through the reports of Nicholson and Dupernex that the idea was first brought to public notice, and soon began to bear fruit. As a result, in certain parts of Bengal, the United Provinces and the Punjab, some District Officers on their own initiative established a few pioneer societies. Lord Macdonell, the Governor of the United Provinces, established about 200 cooperative credit societies in 1901.

In the same year the Government of India much impressed by the importance and future possibilities of the cooperative movement in India appointed a Committee of enquiry to consider the question of the introduction of the cooperative credit movement in India. The Committee is named the Law Committee after the name of its president Sir Edward Law. They approved of the idea of establishing cooperative societies, both rural and urban, drew up a scheme and drafted a Bill.

The Cooperative  
Credit Societies  
Act of 1904

This Draft Bill after consideration by the Local Governments was introduced in the Assembly, and passed as The cooperative Credit Societies Act of 1904.

The object of this Act in the words of Sir Denzil Ibbetson was the encouragement of individual thrift and of mutual cooperation among the members, with a view to the utilisation of their combined credit, by the aid of



their intimate knowledge of one another's needs and capacities, and of the pressure of local public opinion "

The object of the Act, as it is laid down in the preamble, is "to encourage thrift, self help and cooperation among agriculturists, artisans and persons of limited means "

Within two years of the passing of the Act 800 societies sprang into existence But there were two main defects in this Act

(1) In the first place, it provided for no formal recognition of Joint or Central Societies formed of other societies, in other words, Federations, Banks and Unions

(2) Secondly, there was no provision for any kind of cooperation other than cooperative credit

Consequently a new Act was passed in 1912, which made provision for the expansion of the movement, it authorised the registration of cooperative associations for purposes other than credit, removed the former arbitrary classification of Societies into rural and urban, and substituted for it "a scientific distinction" based on the nature of the liability adopted, and lastly it legalised the registration of Unions, Central Banks and other Federations

The Act of 1912



As a result, new types of societies for the  
*New types of* sale of produce, cattle insurance,  
*Cooperative* milk supply the purchase of seeds  
*societies* and manure, the retail of farm implements and  
 other necessaries were started

This historical sketch of the movement would be incomplete if we failed to make mention of that famous Imperial Committee known as the MacLagan Committee (1912) after the name of its president, Sir Edward MacLagan, and a number of other Provincial and States Committees, for example, the Oakden Committee of the United Provinces in 1926 the Townsend Committee in the Madras Presidency in 1927-28 the Mysore Enquiry Committee and so on

The reports drawn up by these committees throw considerable light on the present condition of the cooperative movement in India, and the progress it has made since its inauguration 30 years ago

The Royal Agricultural Commission better known as the Lunthgow Commission, in a voluminous report in 1928 devotes a special chapter to the cooperative movement in India

This shows what an important part this movement is playing in India and its rural history



### Section III Later progress of the cooperative movement.

No sooner was the Act of 1904 passed than cooperative credit societies began to spring up in all parts of India, and within 2 years 800 societies had come into existence. This rapid progress continued till 1912 but the activity of cooperative societies was wholly confined to credit, as according to the Act of 1904 no other kind of societies could be registered. We have already shown under what circumstances the Act of 1912 was passed. The immediate effect of the passing of this new Act was to give a great impetus to the progress of the movement. It enabled the formation of societies for various purposes other than credit and as a consequence various new types of societies began to spring up, such as societies for the sale and purchase of produce, cattle insurance, seed and manure supply, milk supply, retail of farm implements and other necessities and above all Unions and Federations of the Societies. The number of credit Societies also went on increasing rapidly. Central institutions were also coming into existence in great numbers.

The Number of societies in British India in 1912 was 14,881, the number of members 695,998 and the working capital was Rs 74,531,725



It was at this time felt that the time had come to institute a thorough enquiry into the progress of the movement and a Resolution of the Government of India led to the formation of the famous Maclagan Committee of Enquiry. This Committee conducted a thorough enquiry into existing conditions and made a number of useful recommendations and suggestions, which have contributed not a little to the progress of the movement. They came to the conclusion that "it is impossible to doubt that it (the cooperative movement) will eventually attain dimensions compared to which its present size will appear negligible." This prediction soon proved true, and in 1920 not very long after this remark was made, the situation stood as follows —

No of Societies	40,772
" " Members	1,521,148
Working Capital	Rs 214,071,000

With what a rapid pace the movement developed will be revealed by the figures for 1926-27 which are as follows —

No of societies	80,182
" " Members	3,058,000
Working capital	Rs 57,49,04,000

\* For the year 1933-34 these figures are as follows —

No of Societies 103,083	No of Agricultural Societies 92,467
No of members 669,633	Unions 1,492
Working capital Rs 95,22,58,000	



The above figures are for the whole of India in British India alone there were about 67,000 agricultural societies, 1,388 Unions and 521 central societies. The agricultural primary societies had over two and a quarter million members and their total working capital was well over Rs 240,000,000.

The following table shows the statistics of the progress of the movement from the year 1915-16 to 1926-27.

Year	CREDIT			NON CREDIT		
	Number of Societies	Number of Members	Working Capital	Number of Societies	Number of Members	Working Capital
			Rs (in lakhs)		Rs (in lakhs)	
1915-16	18 690	660 0	4 92	96	48 92	1
1916-17	19 463	3 3 9	5 65	160	7 165	1
1917-18	1 638	67 60	6 36	249	13 941	5
1918-19	26 214	864 500	7 34	437	94 937	13
1919-20	32 590	1 046 836	8 3	616	31 007	18
1920-21	3 6 3	1 094 199	10 60	807	00 210	01
1921-22	41 516	1 47 277	12 08	1 073	2 984	30
1922-23	40 043	1 44 080	13 47	937	07 3 0	3
1923-24	49 118	1 585 08	15 15	1 196	77 686	40
1924-25	54 390	1 49 196	17 59	1 590	99 694	43
1925-26	59 018	1 901 529	20 47	1 69	121 89	54
1926-27	60 101	2 115 746	24 14	2 133	154 322	58



The above table shows that except in Bombay, Madras and the Punjab the movement in the other big provinces has only reached a comparatively small part of the rural population. Even within the provinces certain districts have made comparatively greater progress than others. In a vast country like India with varying conditions of climate, land tenure, tradition etc, the movement can make only slow progress. This explains the lack of uniformity and homogeneity in the progress and the variant nature of societies in different provinces, each province having certain individual features of its own. In Madras building societies, societies to help the cultivators to hold up their produce for a better market and depressed class societies are the marked features. Bombay being an industrial province has a very highly developed system of cooperative banking and a number of implement societies. In the Punjab special attention is paid to consolidation of holdings.

The Results so far achieved      The main results achieved may be said to be the provision of a large amount of capital at reasonable rates of interest and the organisation of a system of rural credit, which if judiciously applied can greatly help the peasant class to solve their monetary problems. Knowledge of cooperative principles has spread very wide, thrift is considerably encouraged and capacity to handle money and interest in the elementary principles of banking is fostered. Wherever the coopera-



tive movement is well established it has tended to a general lowering of the rate of interest in that locality; the tyranny of the moneylender is mitigated and the general outlook of the people is very much widened. Not only are people able to obtain credit at a cheaper rate of interest, but the habit of thrift which is fostered among them, has greatly improved their economic condition. At the end of 1925-26\* two million members of the cooperative agricultural societies owed their societies a sum of Rs. 18 crores of which nearly  $6\frac{1}{4}$  crores was their own money. Of this sum Rs 2<sup>1</sup> crores was the share capital subscribed by them Rs  $1\frac{1}{4}$  crores was the amount of deposits made by the members and Rs. 3 crores the reserve fund. Thus out of the total amount advanced to members nearly  $\frac{1}{3}$ rd was collected from their own savings. Similar figures for the major provinces are as follows -

Province	Share Capital	Deposits	Reserve Fund.
	Rs	Rs	Rs
Punjab.	6100,000	2500,000	8800,000
Bombay	1500,000	7000,000	3000,000
Madras	5200,000	700,000	2300,000

\* At the end of 1933-34 these figures were as follows —

Total number of Members of agricultural primary Societies 2,985,158 Loans due by individuals —Rs 2,03,97,921 Share capital Rs 4,37,19,187 Deposits Rs 167,91,743 Reserve fund Rs 8,56,39,709



There are many many societies now which are able to finance their members without having to borrow from outside. There are members whose own shares or deposits amount to a sum which is enough to meet their normal requirements. When this state of things is reached it means not only the economic, but also moral improvement of the people.

Considering the very great number of societies there is no wonder that some failures causes there has been a number of failures owing to various causes.

In some provinces like the Central Provinces and the United Provinces, a very unsound system was allowed to prevail, even after the valuable advice of the Committee on Cooperation. This resulted in a very unhealthy development of the movement and it was nearly on the verge of collapse. It was only the timely action of the local Government following the advice of the Provincial Enquiry Committees which saved it. Similar was the case in the Madras Presidency where the immediate cause for anxiety was the enormous amount of over due loans. These unsatisfactory conditions are due to several causes, the most important of which are the "lack of training and understanding of cooperative principles, lack of the spirit of self help and neglect on the part of office-holders." The financial solvency of the societies is generally beyond dispute, it is the



organisation and the management that is defective. Though the progress has not been uniform in all the provinces and the increase in number has not always been accompanied by improvement in efficiency, yet on the whole the growth has been a sound and satisfactory one.

Though the movement in India is predominantly a credit one, still the work of the cooperative societies does not end there. Apart from these societies through which a good deal of constructive work is carried on, by the organisation of credit, and by the encouragement of thrift and self-help, a number of non-credit societies are springing up every year. These societies undertake the sale of produce, the production and sale of implements, manure and seeds, the furtherance of irrigation projects, consolidation of holdings, supply of milk etc. They run dispensaries and schools, maintain communications and build new roads.

It seems desirable here to give an account of various kinds of societies that at present exist in India, and the nature of work they are doing, so that the picture may be complete. We shall not exclude from our resume the urban societies although they have no direct bearing on the topic under discussion.

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## CHAPTER. II

### The Cooperative Organisation in India.

#### Section I. Credit Institutions: Rural.

First in order both as regards number and importance come the agricultural credit societies. They may be classified into two categories primary and central. Primary societies represent and serve the limited needs of the small village community. The average membership of a society in 1927 was 38 for the whole of India, this average varying from 15 to 66 in different provinces. These societies are almost invariably founded on the Raiffeisen system, having unlimited liability as their basis of security and a working capital which is usually composed of shares, deposits and reserve funds. They advance loans to the individual members at a low rate of interest varying from 9 to 12½%, the amount being usually borrowed from Central Banks at about 7 to 9%.

The main purposes for which they advance loans to their members are shown in the following table together with the percentage in which these loans were allotted in 1927.



Re paying of prior debts	37 73%
Food and necessaries of life	7 54°
Trade	8 58°
House building	4 14°
Cultivation	16 70°
Purchase of land	4 50°
Marriage	96%
Other ceremonies	15%

Over and above these primary societies are  
the central banks

Central Banks

When the primary credit societies were started and began to work the problem was how to finance them. Their share capital was not enough to meet the requirements of the members. In the early stages of the movement heavy deposits could not be expected. The only alternative was to borrow from some quarter. To borrow from the ordinary Joint Stock banks would be against cooperative principles and would not answer the needs of cooperative organisations. This necessity led to the creation of Cooperative Central Banks. In the beginning in each province one Central Bank was started. But with the growth of primary societies it was found that one bank was not enough to cater for the needs of hundreds of societies scattered all over the province. Gradually Branch Co-operative Banks were started. The position now is that practically in every district of



each province there is a District Central Bank, in fact in certain districts where the movement is highly developed there are as many as three or four such banks. Over these District Central Banks are the Apex or Provincial Banks, one for each province. The primary societies are not in direct touch with the Provincial Banks, but have direct dealings only with District Central Banks which in their turn are financed by the Provincial Bank. The membership of Central Banks is comprised of both primary societies and individuals. But the policy nowadays is to confine it as far as possible to societies and eliminate the individual element as it is found by experience that whenever there is a majority of individual shareholders the tendency is to act more on ordinary capitalistic lines rather than on cooperative ones and thus cooperative interests are sacrificed.

The capital of these Banks is composed of shares, deposits and loans from the Apex-Banks, and in the case of Apex Banks of shares and deposits and the cash credit with the Imperial Bank of India to the extent of a certain percentage of their total working capital as well as overdrafts.

These banks do all kinds of ordinary banking business, their main function being the financing of cooperative credit institutions.



Another important credit institution of a comparatively modern growth is the Land Mortgage Bank. It is generally believed that land mortgage banking in India is of recent growth, the first institution of this kind being the Jhung Land Mortgage Bank which was started in one of the districts of the Punjab in 1920. But in this connection it would be interesting to note that the first experiment in land mortgage banking in this country was made in 1863 when a company called the Land Mortgage Bank of India, Ltd. which was also known by the name of Credit Foncier Indien, was formed in London with a capital of £ 2,000,000. Its object was to grant loans on the mortgage of lands in India. It continued to work for 20 years when owing to various adverse causes it gradually died out. In fact the idea of land mortgage banks as it is understood today does not seem to have been known in India till the seventies of the last century.

The first definite proposal to start an institution of this kind was made by Khan Bahadur Syed Ahmed Khan in his Memorandum on Agricultural Banks in 1879.

In 1895 Sir Frederic Nicholson and Dupar-nex in their schemes proposed the starting of land banks. But the idea did not take any definite shape till very recent times.



In 1904 when the first Cooperative Credit Societies Act was passed, it was not found advisable to start separate institutions for long-term loans on the security of landed property. Provision was made in the law to allow ordinary primary societies to advance this kind of loans also, and this provision still continues to exist. However as the movement grew, it was found that the primary cooperative societies were not able to cope with all the demands of their members and it was injurious and unadvisable to advance large sums on long terms through the same agency, as it adversely affected the interests of the ordinary borrowers. This search for a financing agency led to the formation of land Mortgage banks on the model of the Land Mortgage Banks or the "Landshaften" of Germany. As we have already mentioned the first institution of this kind was the Jhung Cooperative Land Mortgage Bank Ltd. Since then there have come into existence more than a dozen such institutions in the Punjab,\* while in the Madras Presidency there are 21 of this kind. Three such banks have recently come into existence in the Bombay Presidency. The banks at Dharwar, Broach and Pachora are doing good business and are setting a very good example. Burma, Bengal and other provinces are also considering schemes of starting this type of organisations.

\* At the end of 1934 there were 12 Land Mortgage Banks in the Punjab 64 in Madras 3 in Bombay 2 in Bengal 4 in the United Provinces and 2 in the Central Provinces.



The sphere of credit organisations has been extended from rural to urban areas, and there it has given rise to such institutions as the Urban Banks, Industrial Banks and Societies for Government servants, municipal employees, artisans and handicraftsmen etc

Urban Coopera  
tive Institutions

The purpose of the Urban Cooperative Bank is the same as that of the rural central banks, that is, the provision of cheap credit in this case for the town people who are in need of money for various things. These institutions finance the Departmental Societies, Building Societies and other similar urban institutions, while the Industrial Banks cater for the needs of the artisan societies such as weavers, silk manufacturers, carpet manufacturers and a host of others. They also advance loans to individual handicraftsmen, businessman and local traders.

The membership of these institutions is mainly comprised of middle class people. They work on the principle of limited liability and their capital is composed of the same items as in an ordinary Joint Stock Bank. Their functions are practically the same. They may not be called cooperative in the true sense of the word, yet they are serving a useful purpose in doing for the town population what the Central Banks do for the rural. These organisations



are to be found in almost every province but are comparatively much fewer than rural banks. The intermediaries through which these organisations lend money are Departmental societies, artisans societies, etc.

Departmental societies are those organisations which are formed by the Government servants in various Government Departments and Offices, and cater for the monetary needs of their members in the same manner that the primary rural societies do for the agricultural classes.

Societies of a similar type are formed to help municipal employees, railway employees, wage earners and certain particular classes of people, e.g. the Depressed class societies in the Madras Presidency or the Societies started in Bombay by the Servants of India Society, Poona, for the welfare of such poor classes as millhands, masons, cart-drivers, cobblers, scavengers, sweepers and domestic servants. We have such organisations in Bihar & Orissa also.

Societies for artisans, handicraftsmen and small businessmen provide cheap credit to their respective members and are also financed by the Urban and Industrial Banks. Compared to rural societies these too are very few in number but are found almost throughout India.



## Section II. Non Credit Institutions: Rural.

Having surveyed the part played by co-operation in the supply of credit, we pass on to review its achievement in the organisation of non-credit associations for various purposes. The most important field of its activities is agriculture. Agriculture, as we have seen, is the main occupation of the majority of the Indian population. But in spite of this, agriculture is not in a very flourishing condition, and is not as paying a profession as one would expect it to be. We have also seen how indebtedness and extreme poverty of the masses, is one of the most important causes of the backwardness of agriculture, and how cooperation has helped to ameliorate the condition of the Indian farmer. But indebtedness is not the only evil, illiteracy is another impediment in the way of progress. Some cooperative societies have attempted to undertake education work directly, while in certain cases monetary help is given by central banks to village schools. But this kind of work has not developed to any appreciable extent in any of the provinces. There are a few "Compulsory Education Societies" in the Punjab, but they are not working successfully. The reason for the failure is that *neither the parents nor the children seem to appreciate the value of a liberal education*.

A bold experiment has been made in this respect in Bombay, where regular cooperative



schools have been opened in Surat, Poona and Dharwar. They organise courses of training for those who wish to qualify as rural secretaries, urban secretaries, supervisors and Bank Inspectors. The medium of instruction is the local vernacular. The expenses are borne partly by the cooperative institute and partly by the Central Bank. It is hoped that the schools have met a long felt want by providing continuous systematic training in place of short courses which formerly used to be given. The cost however has been considerable. Started in 1928, they are yet in the experimental stage and it is proposed to continue them in the coming years in the hope that the Board's appeal for funds from various Cooperative Banks will meet with a generous response.

But coming to the more material needs of the peasant population, we find that cooperative principles have been applied to solve almost all the problems which arise in connection with actual farming and the profession of agriculture.

A special type of societies for general agricultural purposes has developed in the Madras Presidency, where they are known by the name of "Cooperative Agricultural Development Societies." A typical example of this type of societies is the Khed Taluks Agricultu-



ral Development Association Ltd. There are 87 such societies in the Madras Presidency. They are a sort of general purpose societies, their objects being as follows :-

Agricultural development and organisation by the dissemination of knowledge about agriculture, by means of demonstrations, propaganda, lectures, pamphlets etc.; supply of good seeds, better implements and useful manures through cooperative societies on co-operative principles; supply through the same institutions of the other needs of the farmers, and putting at their disposal all the resources for better farming; the improvement of the local breed of cattle, organisation of domestic industries, by the supply of raw material and arranging for the sale of finished products as well as agricultural produce on the principle of organised marketing.

Of a Similar type are the Agricultural Demonstration Societies. Apart from demonstrating the usefulness of better seeds, better manures and unproved implements they also often undertake the supply of these articles. There are sixteen such societies in the Madras Presidency which is the leading province in many respects. In Bengal these societies take the form of Cooperative Agriculture Associations, and are doing very useful work in the same direction.



In Bombay these societies are called by the name of Taluks Development Associations and are 15 in number

Another very important and useful institution of this type is the Agricultural Organisation Society. They are modelled on the Irish Agricultural Organisation Society and undertake the organisation of Societies for various agricultural purposes, helping them in drawing up their bye laws, getting them registered and giving them expert advice both at the time of their formation and during the course of their progress

The leading society of this kind in India is the Bengal Cooperative Organisation Society, whose activities extend to

Propaganda and demonstration

Publishing a journal (The Bengal Co-operation Journal)

Publishing Books and Pamphlets

Arranging lectures

Organising conferences and exhibitions

Publicity

Organising Training Classes

Experiments in new types of organisations



## Organisation of Insurance

Apart from these institutions of a more or less general nature, there are a host of other organisations for special purposes. We shall now proceed to deal with these institutions.

There are certain provinces which have special needs of their own and have accordingly developed certain special kinds of institutions, for instance, the system of fragmentation of holdings is a very pressing problem in provinces like the Punjab, Bombay and the United Provinces. The best remedy for this evil is found in the consolidation of holdings on cooperative principles and a number of societies for this purpose have been formed in these provinces. The Punjab takes the lead in this direction, having as many as 115 such organisations. In over 500 villages the work of consolidation has been completed and the area consolidated covered 48,709 acres in 1929. Some of the benefits that have accrued out of consolidation are the sinking of new wells, repair of old ones bringing the "banjar" or waste land under cultivation, making a number of permanent improvements on land such as cutting channels, drains etc. Moreover it has led to the development of community spirit, as villagers are beginning to set apart plots of land for manure pits, grazing grounds, school build-

Consolidation  
of Holdings  
Societies



ings, play grounds etc. Bombay and the United Provinces are also contemplating the starting of this type of organisations, Bombay having a similar kind of organisation in the form of the Rectangular Survey societies. The work of the organisation is the settlement and re adjustment of boundaries of private holdings and the solving of complicated questions of the law and finance. This is a new experiment and results are still awaited.

Land Reclamation and silt clearance societies are usually found in the Provinces which have river-beds and deltas, where the problem of recovering and protecting land arises owing to erosions and the silting up of river beds. Punjab and Bengal have recently started a few of this type of societies and they are doing useful work.

Of permanent improvements on the land from the cultivator's point of view, none is more important than a perfect irrigation and drainage system. This importance is greater in the provinces where there is scope for the development of the former or need for the latter e.g. in Bengal, Madras and the Punjab. And it is exactly in these provinces that cooperative organisations for irrigation and drainage have to some extent developed. The movement for



Cooperative irrigation is a special feature of Bengal where it has achieved success. The work is mostly confined to the re-excavation of irrigation tanks and reservoirs and other smaller irrigation schemes. In Madras these societies are called "Khudimaramath" societies. They are eight in number and their work is to keep irrigation channels in good repair. Besides these there are nine societies for irrigation lands jointly with the aid of power pumps.

Behar and Orissa claims three societies of this type. Drainage Societies are not a special feature of any of these provinces.

There is a general tendency towards the supply of manures, seeds and agricultural implements on cooperative principles, and societies for these purposes are to be found in various parts of India. In certain places this work is carried on by only one organisation of a general type, while in others there are separate societies for each of these purposes.

In the Bombay Presidency manure supply societies flourished some time ago, especially in those tracts where sugarcane was grown. A few years ago the total quantity of manures purchased annually by these societies in Bombay was estimated to be about 10 million lbs. But it is



regrettable to note that their present position is not very satisfactory. The Registrar in the Report for 1929 says "The business done by these societies is decreasing year by year" "One unit" he says "is too small as a unit of operations for such business and this type of societies will now have to be gradually wound up"

In Madras "The Tanjore District Cooperative Society was doing some good work"

The work of seed-supply is carried on by ordinary credit societies in certain parts, but societies for this special purpose have also been started in some places. Bengal, Punjab, Madras, the United Provinces, and Behar have all developed these societies in some form or other. In Behar and Orissa this work has been undertaken by the Central Banks

Separate societies for this purpose are not very common in India. In Bombay attempt had been made to form such societies, but according to the 1929 report they are not in a flourishing condition. Whatever work in this direction is done is carried out by General Agricultural Associations or Demonstration Societies as in Madras and Bengal, and through Central Banks which let the implements on hire



The importance of stock breeding in connection with Agricultural industry is undeniable. But it was not till very recently that attempts were made in this direction. Bombay was the first to grasp the importance of this and a few stock breeding societies on a small scale were started there about ten years ago. There are many Breeding & cattle insurance societies in the Bombay Presidency now. But it is in the Punjab that these societies have achieved success. The Hissar bull, a product of the Hissar Cattle Breeding Farm, is famous all over India. Apart from cattle breeding, co-operation has also been tried in sheep breeding though its success is still doubtful.

In Bengal cattle-breeding has not met with any great success and much is still to be done in this direction.

Cattle insurance societies also exist in certain parts of India, the first experiments having been made in Burma and Coorg but in view of the great mortality among cattle, this kind of work has not developed to any considerable extent. Bengal also has a few cattle insurance societies.

In spite of the fact that crops in India are subject to a number of risks, for insurance and Crop Protection Societies have not been started, devastation by drought or floods, pests and insects and blasts,



it is strange that crop insurance and crop protection societies are still comparatively unknown

A clever device, however, is adopted in the Punjab, where in 1929 four crop failure-relief societies were in existence. They are not exactly insurance societies, but afford some relief to the cultivator in case his crop fails. The working is somewhat as follows —

Each member has to contribute a specified quantity of grain at each harvest. The grain is sold, the member is credited with the proceeds, all the money is invested in some society and it cannot be drawn by any member except in the event of a failure of his crops and with the permission of the society.

There is in fact much scope for cooperation in this field.

Of a similar type are the Agricultural Thrift Societies in the Punjab, the object of which is to accumulate by contribution at each harvest a capital the interest on which will in the end be enough to pay the land revenue. This fund may also be used for permanent land improvements e.g. digging a common well.

On the same principle are formed the Fodder Storage Societies with a view to store the surplus fodder for the times of scarcity.



The credit of the first move in this direction goes to Sir Daniel Hamilton a Zemindar of Bengal who formed a society called the 'Young Mens Zemindar Society' about the year 1912, to introduce cooperative methods in the cultivation of large areas. The idea was to bring the educated young men back to the land and thus to mitigate the hardships of middle class unemployment. Financially the organisation was successful but it hardly realised its real purpose. Burma was more fortunate in this respect where Co-partnership Tenancy Societies have been started on the Italian model. The object of these societies is to reduce the difficulties of colonisation in areas lately brought under cultivation. It is an interesting attempt to combine the communal system of cultivation with principles of cooperation. A more recent development in this kind of cooperation is the scheme of land colonization on cooperative principles launched in the Chittagong district of the Province of Bengal. According to this scheme, cooperative societies of landless agriculturists will be given settlements of blocks of land on the security of



which they will be able to raise money for reclaiming the land and purchasing the requirements for cultivation, the repayment of their loans to be made from the proceeds of cultivation. The Registrar of Bengal, writing about this scheme in the report for 1929, seems to be very hopeful as regards the success of it and the possibilities of future development of farming societies on these lines.

In the Madras presidency 442 Cultivation of-land societies\* are working satisfactorily, with a membership of about 3490. The area thus jointly cultivated is 37,770 acres. But the experiment is still in its early stages and no prediction could be made as regards its success.

Egg-production and poultry-farming Societies are to be found in the Madras Presidency. They are only in their initial stages and success is not assured yet.

Egg Production  
and Poultry  
forming Socie  
ties

In the United Provinces a very interesting and useful system of group conferences exists. Group conferences of the Panchayats of the neighbouring villages are held in which the members find a scope for self-expression and learn to

Group  
Conferences

\* The latest figures viz for the year 1933-34 are as follows —  
Number of societies 788  
Number of members 33 041  
Land in the enjoyment of members 37823 acres



take an intelligent interest in their affairs. These meetings are not confined to the consideration of cooperative questions only, but matters connected with agriculture, sanitation, education and other subjects relating to the lives of the villagers are also discussed.

Resolutions are passed in these conferences on a variety of subjects, such as the compulsory education of the sons of the members, and against the taking of petty disputes to court, against mortgaging their lands, against borrowing from outside the society, against the use of liquor etc.

Nor do matters end with the passing of these resolutions, but definite action is taken to carry them out and compliance is enforced by the levy of fines or social ostracism.

### Section III Non Credit Institutions Better Business

The requirements of the agricultural class are twofold, the articles which they need in connection with their industry e.g. seeds, manures, implements, etc. and the articles of their daily needs and necessities of life. Societies formed for the supply of these needs are called "Producers Purchase or Supply Societies". In certain cases these societies are formed for some special purpose such as the supply of manure, seed or



implements, while in others all these are combined in one organisation. The supply of the necessities of life is carried on sometimes by *general purpose-societies* and sometimes by trading unions working on the indent system. Since 1918 this kind of business has considerably developed on cooperative lines in the Madras Presidency. In that year about 200 Village Societies had a turn-over of about Rs 3,00,000 and the chief articles dealt with were rice, salt, kerosene oil, seed, manure etc. But since then trading unions seem to have met with some difficulties, owing mostly to the lack of loyalty and interest on the part of the members. The tendency in the case of agricultural requirements is towards having separate organisation rather than one for general purposes.

In Bombay the movement for the organisation of Supply Societies met with signal failure. The causes are the same as mentioned above viz., the inefficiency of the management and absence of any real spirit of joint effort. It is impossible to command better management with a small turnover.

Societies for cooperative production have met with considerable success in the Punjab, where there are as many as 119 such organisations. In certain cases they also undertake the selling of their members' produce, and undertake such other



kind of work as the starting of demonstration plots and filling of manure etc.

When the process of production is over, the next important problem in the agricultural industry arises viz the distribution of produce, or "marketing of agricultural produce" as it is technically called. But unfortunately India is particularly backward in the matter of organisation for the marketing of agriculture produce. Very few attempts have been made to form organisations for the sale of agricultural produce. There are many Societies of this kind in Burma formed for the sale of paddy and ground-nuts but they are of temporary character, formed from year to year, winding up at the close of each year when that year's business is over.

In Bombay there is much scope for the development of cotton sale societies and these societies have developed to a certain extent in that province. Altogether there are at present about 59 organisations for the sale of different kinds of agricultural produce in the Bombay Presidency, and they are working fairly well.

The Punjab is another province where this kind of organisations exists but their success is not very encouraging. In the first place the small farmer is illiterate and ignorant, he does not appreciate the advantages of combining with



others for the cooperative sale of his produce, while the large farmer has no desire to secure any advantages to himself by cooperation. Secondly men with shrewdness, alertness and intelligence who can organise such societies are still rare in India. Thirdly when the society is started, the members are not loyal to it for there is no binding contract on them to sell their produce through the society. These reasons account for the failure of cooperative marketing. In the Punjab marketing has taken the form of cooperative commission shops, a sort of intricate organisation. Two Fruit Growers' Associations have also recently been started there, but have not yet achieved any great success.

Another province where they have met with some success is Bengal where about 100 Purchase and Sale Societies are in existence for the marketing of jute which is the staple produce of Bengal and also for the sale of paddy. A typical society of its kind is the Nagaon Ganja Cultivators Cooperative Society. In other provinces also isolated examples of this type of organisations are found but in view of the importance of marketing in an agricultural country like India it is regrettable to note that comparatively little or no progress has yet been made.



Mention may also be made here of "Dharmagolas" or grain banks. Strictly speaking they are more of the nature of credit organisation than cooperative agricultural sale societies. But among the other objects storing of grain and holding it out till better prices are obtained is also one and it is in this way that they serve the purpose of Agricultural Sale Societies. A detailed account of their objects and working has already been given in another chapter.

The first institution of this kind was started in Bengal in 1892 at Joyaganj. The success of this led to the starting of similar organisations in other places. In the Bombay Presidency and in Behar and Orissa also there are many such societies which advance grain for food between the months of March and September and recover it in kind at next harvest along with an increment of 25%.

In the Punjab too these grain banks are serving a very useful purpose by storing grain, either to await disposal under better market conditions or to fall back upon in case of famine and scarcity.

Behar and Orissa, however, has the greatest number of them, it being 83 in 1929.

Though dairying may not fall under the category of Agriculture, nowadays it has so much been associated with the agricultural industry, especially



since Denmark developed a very highly organised system of cooperative dairying, that one is quite justified in looking upon it as a branch of agriculture

The increasing difficulty of procuring pure milk and other dairy products at reasonable rates and in unadulterated form has brought the question of dairying into prominence

Among some of the earliest cooperative dairying societies started in India may be reckoned The Benares Cooperative Dairy Society, The Lucknow Baraf Khana Cooperative Dairy Society, The Allahabad Cooperative Dairy Society in the United Provinces, The Alibag Cooperative Dairy Society in Bengal, The Belgam and Thana Dairy Societies in the Bombay Presidency and the Telinkheri Dairy in the Central Provinces

Ghee (clarified butter) societies are a marked feature of the United Provinces and may be classified as *dairy societies*

Milk supply societies in Bengal are working very satisfactorily, and so also in the Madras Presidency where 20 such societies have incorporated themselves under the Madras Cooperative Milk Supply Union

There are certain difficulties in the way of these societies which have to be overcome before they could achieve a greater measure of



success Among these difficulties the most important are the absence of a good system of transport, irregular supply of milk, lack of loyalty on the part of members etc.

Bombay also claims a few societies of this kind while in Behar and Orissa there is only one such society

Agriculture and domestic or cottage industries as they are usually called, **Industrial Societies** have a very close connection Apart from the village artisans and handicraftsmen, the cultivators and farmers and then families are also often engaged in some form or other of rural industry like weaving, poultry-farming, rope and basket-making etc

Cooperative Societies to foster these local industries have been formed in almost every province of India Most important of this class are Weavers Societies, which are prevalent all over the country.

Bombay, Bengal and Madras being more industrial than other provinces have developed more organisations of this kind, but every where these societies are facing a number of difficulties, some of which are as follows -

1. Disloyalty, indifference and ignorance on the part of members
2. Difficulty in selling the product.



- 3 Indebtedness and scarcity of capital
- 4 Unbusinesslike methods and lack of administrative capacity in the members

Attempts have been made to form Unions of the Weavers' Societies, but the members break away from them on the slightest pretext "Sahocars" and private dealers find no difficulty in maintaining their hold on the weavers and exploiting them for their selfish ends

The chief Weaving Industry of Bengal is silk and so a number of Silk-Weavers Associations are found there, over and above which there is a Union called the Bengal Cooperative Silk Union

In the Punjab the Weavers Societies have been organised under a central institution called the "Weavers Central Corporation Stores Ltd"

There are various professional societies of black-smiths, oil pressers, carpenters, basket-makers, lac-growers etc but they are more or less of the type of credit organisations, rather than industrial societies pure and simple. Sometimes these societies are called artisan societies. They are financed sometimes by ordinary co operative central banks and some times by Urban or Industrial Banks and helped in certain cases in the disposal of their produce by Industrial depots



## Section IV. Non Credit Institutions : Better Living.

According to Sir Horace Plunkett the prosperity of the agricultural population depends on three things "Better Farming, Better Business and Better Living" All the societies which we have mentioned above fall either in one or the other of the first two categories and we have seen what cooperation is doing in this field We shall now proceed to deal with the activities of cooperation in the field of "better living" The most important of the problems connected with better living are those pertaining to health and sanitation, and education, and attempts have been made to solve such problems and other similar ones by the application of cooperative methods

In spite of the highly insanitary condition of the Indian villages and the heavy toll which the rural population of India has to pay every year to a number of epidemics and diseases it is strange to note that comparatively very little has been done on cooperative lines to improve public health Bengal, however, has achieved some measure of success in this respect and the Punjab and Behar and Orissa come next The first institution of this kind in Bengal was the Cooperative Anti-Malaria Society. A number of societies on the same model

Better Living  
Societies

Sanitation  
and Health  
Societies



were soon formed all over Bengal. All of them are affiliated to the Central Cooperative Anti-malaria Society which has its head quarters in Calcutta. Apart from the societies which are formed for a special purpose, there are numerous cooperative organisations for general health purposes. The total number of such societies in Bengal was 662 in 1929. They are working very satisfactorily in improving the sanitary condition and the general public health of the villages of Bengal. The *modus operandi* of these societies is generally to raise funds by share capital, local subscription and Government grants obtained through the District Boards, to clear jungles, destroy mosquitos by spreading kerosene oil over their breeding places in stagnated pools and tanks and to take other measures for the prevention of malaria and epidemic diseases generally. All this work is carried out under the direction of the Central Society which is managed by a Board of Directors, its capital being raised by membership fees, subscriptions and donations. Some dispensaries are also maintained under the auspices of this society.

The Punjab comes next with its 100 societies formed under the village Aid Scheme. These Associations are also formed on cooperative principles and confine their attention to such activities as the removal of waste and dirt to manure pits, construction of cess pools,



disinfection of wells etc. They have also undertaken the work of training nurses and midwives.

There is only one anti-epidemic society run on cooperative lines in Behar and Orissa.

Cooperation as applied to the organisation and maintenance of schools for the spread of literacy has a wide scope and affords to us a subject of great interest. But very little as yet has been done in this direction. Some sporadic efforts have been made to form educational institutions on cooperative principles, but on the whole this kind of work has not achieved any appreciable success.

It is only recently that in the Bombay Presidency a few regular cooperative schools have been opened. There are three such schools at present, at Surat, Poona and Dharwar. They organise courses of training for rural secretaries, urban secretaries, supervisors and Bank Inspectors. The medium of instruction is the local vernacular. They are financed partly by the Cooperative Institute and partly by the cooperative Central Banks. In the *Punjab attempts have been made to start compulsory education societies on cooperative principles in rural areas.* But their success is not very encouraging. Beside these there are in some provinces adult schools formed on



cooperative principles to impart education to adults in their leisure hours.

In this category fall the better Living Societies of the Punjab, and the Depressed Class Societies of Madras and Behar and Orissa. The Punjab is the leading province in this respect

where in 1929 there existed 289 societies of this type with a membership of 10,943\*. The object of these societies is to induce their members to curtail the ruinous expenditure imposed by custom on occasions of births, marriages, deaths and other social ceremonies. These societies have proved very successful. Their influence has spread to other branches of life also such as sanitation, health, housing etc. Some of these societies even undertake the levelling, paving and sweeping of village lanes, repairing, clearing and covering of village drinking wells, pitting of manures, improving the ventilation of the village dwellings by inducing the owners to open windows and ventilators. Private morals are not neglected, as some of the societies also try to eradicate the evil habit of drink and other social evils attached to particular low castes and classes.

The violation of rules is punished by the levy of fines and social ostracism. In Bengal these societies assume the name of "Relief Societies".

\* At the end of 1933 there were 487 Better-Living societies in the Punjab with a membership of 15,339



A love of litigation is another social evil which is very prevalent among the land owners and agriculturists. To check this, some kind of organisation on cooperative principles has been started in various provinces. They are generally known by the name of Arbitration Societies. The Punjab again occupies a prominent position having 44 Arbitration Societies with a membership of 7,509. In 1929, 170 disputes were adjudged by these societies. They are very successful in this province. It is interesting to note that even the moneylenders readily join them as they find them a cheaper and comparatively expeditious means of getting their claims settled. There are Arbitration Societies in Bengal and other Provinces also.

Though the encouragement of habits of thrift is the object of all credit institutions, yet special societies under the name of Co-operative Thrift Societies in some form or other have been formed in provinces like the Punjab, Madras, United Provinces, etc. In some provinces efforts have been made to develop the habit of thrift among children from the beginning, and for this purpose Thrift Societies have been started in Schools. Thus children not only learn habits of thrift but acquire in an elementary way the ability to manage small cooperative institutions.



Various methods have been adopted by these Thrift Societies to induce their members to save money. Home safes are also distributed for the purpose of collecting small amounts. Wherever they have been started these Thrift Societies are working successfully.

#### Section V Non credit Institutions: Urban.

Although purely Urban Societies have no direct bearing on the subject under discussion, yet a survey of the cooperative movement in India will not be complete if something is not said about the progress these institutions have made in India. We have already dealt with the Urban Credit Organisations. Among the most important of non-credit urban organisations may be reckoned cooperative stores and housing and building societies.

Cooperative Store Societies have not generally been a success in India. In a  
 Stores vast country inhabited by 320 million people there are only a few hundred store societies whereas the number of rural credit societies amounts to thousands. Whatever consumers stores there are in India, are formed in big towns amongst employees in Government Offices or big mercantile firms, or the Railway, amongst the educated middle class or students. In villages and amongst the rural population consumer's stores are practically unknown. Their standard of life is very low and their wants very few and these are usually



supplied by the local petty shop-keeper. As such, cooperative stores societies have not been a success in rural areas, as they cannot obtain sufficient turnover to maintain the skilled management which is so essential to success. In certain cases ordinary cooperative credit societies undertake this kind of business, but they do it only on the indent system. Most of the stores which have been started in different places had a very short life and failed sooner or later. The causes of the failure of consumers stores in India usually are lack of efficient management, absence of the true spirit of cooperation, disloyalty of members, selling on credit and attempts to sell at less than market prices.

Among a mass of failures there are, however, some remarkable achievements in this direction. Among a few successful consumer's stores, the most notable is the "Triplicane Urban Cooperative Store Ltd" in the Madras Presidency, which has achieved a brilliant success. It had been started even before the passing of the Cooperative Societies Act 1904 and was one of the first to be registered under the new Act. This Store runs on the Rochdale plan and perhaps herein lies the secret of its success. In 1928 it had a turnover of Rs. 2,300,000, and a

The latest figures (1930) are as follows —  
 a Branches in the Madras city Number of members 5,735 Paid up share capital Rs 93,534 goods purchased Rs 7,90,77 goods sold Rs 7,93,000 Profit Rs 7,103



Reserve Fund of Rs 84 196 which was used as capital and Rs 100 000 and Rs 30,000 kept in fixed deposit and current account respectively with banks. It had 24 Branches and a total membership of 6000.

In Bengal there are 69 cooperative store societies which are working fairly successfully, while in the Punjab they have not on the whole been a success. Whenever they have met any appreciable success, that is due to the ability of the manager. Thus they are often one-man organisations, when this driving force is absent their existence also becomes uncertain and they often meet a grievous end.

Next in order among the Urban Societies come the Building Societies. These societies are of different types, the three main types being —

- Cooperative Development Societies
- Tenant Ownership Societies
- Tenant Co partnership Societies

There are about 140 Cooperative Building Societies for middle classes in Madras. Government grants loans through the Societies for building houses in the suburbs. The Corporation of Madras has bought up and developed suitable areas which it has divided into sites of which the freehold is offered for sale.



In Bengal also societies of this type are working successfully, most of them under the auspices of the Bengal Co-operative Organisation Society

The tenant co-partnership societies have been found very suitable to Indian conditions and have recently become very popular. The first society of this type in India was started in Bombay under the name of the "Saraswat Cooperative Housing Society". Since then many societies in Bombay and other Provinces have been founded on this model. Government assists these societies by advancing long term loans and municipalities help them by allotting suitable sites for house building.

Apart from the above mentioned cooperative organisations there are a number of others for miscellaneous purposes. Among them may be reckoned such societies as Fishermen's Societies, Village Reconstruction Societies, Women's Societies, Dramatic Societies, etc.

The fishing industry is fairly well developed in Bengal and along the coast in other provinces like Madras and Bombay. Fishermen's Societies have been formed on cooperative lines in Bengal and there are 108 such organisations in existence at present.



Typical examples of organisations of this type are to be found in Birbhoom in Bengal. They have been very successful in improving the communications of the village, establishing schools and dispensaries, in forming arbitration boards for the settlement of village disputes.

In many provinces there are special societies for women. There are 6 such societies in Bengal. They train their members in sewing and needlework, in reading and writing and in domestic occupations. Training in midwifery is also given, this has greatly helped in reducing the rate of infant mortality in the village.

In the United Provinces also we find this kind of associations.

The Punjab again leads in this kind of organisations, having 128 Women's Societies with a membership of 1,977. Most of these societies are formed to encourage thrift, and a few for the spread of education. These societies are formed in schools, hospitals, towns and villages.

There is only one society of this class in the Bombay Presidency "The Shahcari Manoranjan Mandal Society". It gives public performance of vernacular plays with the help of amateur actors.



**PART III.**

**THE**

**RECONSTRUCTION.**



## CHAPTER I.

### The Problem of Reconstruction and some Attempts Towards its Solution.

#### Section I. The Ideal.

Mr. G. W. Russell, 'Philosopher, painter,  
poet and agricultural economist"  
Cooperation the only basis of a rural civilisation better known in the literary world  
by his pseudonym of A. E., in his  
work "Cooperation and Nationality"  
makes this emphatic remark

"If we are to have any rural civilisation in Ireland it must spring out of Co-operation."

The same remark, with even greater force, may be applied to India. India was once the home of a great civilisation, a civilisation based on the precepts of Love and Truthfulness the two great dictums of Hindu Philosophy on which rested the vast kingdom of the famous Asoka, a civilisation equally based on the wonderful spirit of brotherhood and equality



taught by the Muslim faith which found their embodiment in the rule of the Great Akbar. But we have lost this wonderful civilisation, we have lost all our old traditions. We are groping in the dark, trying to find something which will revive our glorious past. Sometimes we try to go back to the philosophic past and try to regain what we have lost, sometimes we are inclined to march forward and attain something which the materialistic West has already attained. But the true remedy for our difficulties and the best solution of our problems lies neither in the hopeless task of reviving the past civilisation, nor in blindly following the material civilisation of the Western World. What we need is a judicious blending of past and present, the revival of the old on modern principles. A civilisation formed on this happy blending will truly lay the foundation of a New India.

The nation is in the process of just forming itself. Ours is not as yet a developed and organised nation. The immediate duty before us is that of nation-building. In this nation-building work there is nothing which will be so helpful to us or afford so easy and immediate a solution to all our most difficult and apparently hopeless problems as Co-operation. If co-operation has pointed the way out of the present class-war in advanced democratic

India a  
Nation  
the Making



countries, it is the only means of the political and economic salvation of a backward country like ours

If India is to take her place among the great nations of the world, if she is to attain the same level of progress, in culture and civilisation in the modern sense of the word, it is essential that we should begin to reconstruct all our political social and economic institutions on those lines which have approved themselves in the reconstruction and progress of many modern nations, an illustrious example of which is afforded by modern Japan

All reconstruction work should start with the reorganisation of the smallest units, it is only by the strengthening of the Indian village community that the edifice of a rural democracy may be set up in India. Hence the necessity of starting with rural reconstruction first. The best way in which we could do it is by the revival of all the institutions on cooperative lines

So far as we know we have no such thing as a national programme of economic and social reconstruction in India. Unfortunately political thinkers, with the exception perhaps, of Mr Gandhi whose efforts for the uplift of the "untouchables" and for prohibition are well-known, have more or less left out of their programme of nation building, the economic and social welfare of the masses in rural India



The work before us is not an insignificant one. The greatness of a nation is measured by the solidarity of its people and by the amount of mutual service which the citizens render to one another. The New India must be a self-supporting India, with power to organise her own affairs, with capacity to spread plenty abroad out of her own superfluity. Capitalism and competition based upon speculation have frightfully disorganised the economic and social structure of the world. We dream of a new democracy where producer and consumer will pursue the common welfare of all the citizens, where each will live for all, and all for each. In the New Temple of Mother India, we shall see her sons and daughters, bringing their offerings of love and service, with which they will invoke the blessing of the Mother to make them worthy of the new freedom of which they have been dreaming so long. Then at last the dream of Akber will come true, the dream

I dreamed

That stone by stone I reared a sacred fane  
A temple neither Pagoda, Mosque nor Church  
But left ever & ever always open door'd  
To every breath from heaven and Truth & Peace  
And Love and Justice came and dwell therein

Tennyson

## Section II The Problem

In the light of what we have said before no one can say that the present state of affairs is satisfactory. It is impossible for a country to



develop her economic resources to their fullest extent, a good majority of whose population is subject to various diseases which take away thousands of people in their very prime of life every year, and leave the remainder in a broken condition of health, devoid of all energy and capacity for work. One cannot expect a half-starved population to utilise their energies to the fullest extent, to think in the right way, to act in the right spirit.

What is after all the ideal of life, the purpose of living? It is *not* merely to exist, simply passing through different stages of life, without understanding, without realising the meaning of life and the object of living. What difference would there be then between human beings and animals? It is a question of living in the right way, 'living' in the true sense of the word. It is a question of living with a perfect understanding of the purpose of our creation, which is nothing but the attainment of the highest ideals of humanity. How are these ideals to be attained, how the ultimate aim of life achieved? In a word by living "in the right way." To explain "living in the right way" is very difficult. It connotes different ideas to different people. But all agree that the right way of living is "Living comfortably and happily." The attainment of "the greatest happiness of the greatest number" is the chief



purpose of all human effort, of all economic, social and political activity Are the people of India living a comfortable life? Are they really happy? We are afraid not Some of them, perhaps are comfortable and happy but what about the millions and millions of people who are writhing under the grip of extreme poverty, of disease and death ?

George Bernard Shaw, the great Socialist thinker and philosopher, proposes a  
 The test of prosperity      very good test of the prosperity of a nation He says

"The only way in which a nation can make itself wealthy and prosperous is by good housekeeping There should be less ostentation, less wastefulness, less uselessness, but there should be more food, more clothing, better houses, more security, more health, more virtue, in a word more Prosperity Any attempt to secure the above, should be self-initiated, self-directed, self corrected, and self-controlled "

How suggestive are the remarks of this great thinker! while the countries of the west present a happy picture of prosperity, and wealth, India presents a picture of poverty and woe

When the test of prosperity as laid down by him is applied to Indian conditions, how disappointed one feels !



What is the reason? Three hundred and twenty million people, inhabiting one of the most fertile countries of the world, and yet not prosperous and comfortable, is hardly imaginable

Can India stand the test of prosperity? But the fact is there it cannot be denied. We have tried to picture at some length the existing conditions of life in India. They are far from ideal and would hardly stand the test of prosperity.

India was at one time called "the granary of the world" and yet today the major portion of her huge population of 320 million hardly get sufficient food to keep body and soul together. Imagine thousands and thousands of people tilling the soil from morning to evening, in the sweltering heat\* and torrential rains of the tropics, having only one small piece of loin cloth to cover their bodies. Their children are in a still worse condition, and they often go without any cloth to cover their bodies at all. Nor have they got enough shelter to protect them from the tyranny of nature, or to rest themselves after the day's hard toil. Their houses are nothing more than thatched huts without light and without air, unfit even for animals, yet man and beast live together under the same roof.

\* In certain parts of India the shade temperature rises as high as 125° F. in summer.



Far from observing the laws of sanitation and hygiene, they are too ignorant even to know them. Living under these dreadful conditions, and depressing surroundings, without food, without covering, and shelter, they are swept away by the ravages of innumerable epidemics and diseases

As regards virtue and morality we have nothing much to say. There are degrees of virtue, standards of morality and virtue have been different in different ages, have been various in various countries. It would therefore be unjust to applaud or to condemn by a standard of morality not their own.

What is  
wrong with  
rural India

What is the reason of this dreadful misery and hopeless distress?

Over  
population

It is sometimes alleged that India is overpopulated, and is unable to support the whole of its population. But it should be remembered that a fairly well-developed agricultural country can comfortably support a population of 250 persons per square mile, and the average density of population in India is only 177 per square mile. The reason is not that India is densely populated, but that the distribution of population is very uneven, as will be revealed by the following table —\*

\* According to the Abstract of the Census of India 1931 issued by the Govt of India "The total population returned at the census is 359,837,773. The mean density per sq. mile in the whole of India is 195 varying from a maximum of 814 in Cochin State and 646 in Bengal to a minimum of 5 in the Baluchistan States and 9 in British Baluchistan.



Table showing the density of population  
per square mile in India

PROVINCE	Density per sq mile
Madras	297
Bomhay	157
Bengal	608
United Provinces	427
Punjab	207
Burma	57
Bihar & Orissa	409
Central Provinces and Berar	139
Assam	143
N W Frontier Provinces	168
Baluchistan	8
Ajmer-Merwara	183
Coorg	104
Delhi	827

Another factor which is also responsible  
for a good deal of economic trouble  
is the uneven distribution of the  
population according to occupations  
The following table shows the distribution of  
population according to occupations (1921  
Census) -



## Population in Thousands

Occupations	Population supported by	Percentage of total population
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<u>Total Population</u>	316,055	
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A Production of raw materials	231,194	73 15
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I Exploitation of animals & vegetation (including pasture and agriculture, fishing & hunting)	230,652	72 98
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II Exploitation of minerals	542	17
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B Preparation and supply of material substances	55,612	17 59
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III Industry	33,167	10 49
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IV Transport	4 331	1 37
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V Trade	18,114	5 73
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C Public administration and liberal arts	9,846	3 12
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VI Public forces	2,181	69
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VII Public Administration	2,643	84
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VIII Professions & liberal arts	5 020	1 59
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Contd.

Occupation.	Population supported by.	Percentage of total population.
D. Miscellaneous . .	19,402	6.14
IX Persons living principally on their income. . .	479	.15
X Domestic service	4,570	1.44
XI Insufficiently described occupations .	11,098	3.51
XII Unproductive	3,253	1.04

This table shows that 73 per cent of the total population of India is supported by Agriculture directly or indirectly, 10 per cent by industries, and only 1 per cent by organised Industries. This is a deplorably low figure compared to the Western Countries and other civilised countries of the world. The Census from 1891 onwards shows that this dependence on agriculture is increasing while in the Western Countries the tendency is, in the reverse direction. The result is that the national dividend dependent as it is on agriculture is becoming more and more unstable. Agriculture depends on rain and rains are very uncertain. Their repeated failure gives rise to famines and consequent distress.



and poverty. The uneven distribution of the population according to occupation has given rise to many economic and social evils. The remedy lies in a re-distribution of the population according to occupations on a more rational basis. In other words it should develop its industries side by side with agriculture.

We have seen in previous Chapters that Agriculture which is the main industry of India is in a highly disorganised and unsatisfactory condition. The cultivator is labouring under highly unsatisfactory and adverse conditions of illiteracy and ignorance, indebtedness and poverty. With the prosperity of our agriculture more than any thing else is bound up the prosperity of India and her future progress. But agriculture being handicapped by innumerable drawbacks is no longer a sufficiently remunerative occupation, it does not bring the farmer enough to meet the cost of cultivation and the expense of maintaining himself and his family. As the welfare and the prosperity of the country depend on the welfare and prosperity of the agricultural classes it is of supreme importance that measures should be devised for the organisation of our agriculture, and of those engaged in it on sound and practical lines. The weakness of the social structure gives little hope of the success of any programme of national reconstruction.



Progress presupposes a well-organised society of strong and healthy men and women full of energy and stamina, capable of holding out in the struggle for existence among the nations of the world. Does the Indian nation stand the test of strength? Child Marriage and the Purdah system are adverse to creating a strong and healthy people. If they in the first place are responsible for ill-health, amenability to disease and premature death, in the second they are responsible for the loss of the service of nearly half of the population to the country. The social disparity created and fostered among various classes by the caste system, and the misunderstandings of the various communities leading to communal strife are further responsible for the weakness of Indian nationalism as they put a number of impediments in the way of the attainment of National Unity, Economic, Social and Political. Further the majority of the people are not educated and intelligent enough to grasp the true situation or devise measures for the reform of existing evils.

A great problem lies before India. It is a problem which has engaged the serious attention of thinking men for many years. It is the problem of how to attain "the greatest happiness of the greatest number" in India, and make its people fit to take their place.



as a nation among the great nations of the world. In short it is the problem of the struggle for existence of a great nation which is the successor of one of the most brilliant civilisations of the ancient world, which once taught humanity the true philosophy of life, but has now lost all that was best in it. The task be-

The task of  
re building fore us is not only to regain what we have lost, but also to add to it a new spirit and give it a new life, so that

we may be able to stand on terms of equality with other people in the great congress of nations. But the attainment of this aim is not easy. It cannot be achieved in a day, nor by

Its immen-  
sity the sporadic efforts of a few individuals. It requires time, and a combined effort. It is a colossal task that lies before us, and only hard and earnest work, and concentrated effort will achieve it.

It means the reformation of the whole structure of society, the rebuilding of all economic, social and political institutions. It is easy to build, but it is very difficult to re build. Rebuilding assumes pulling down first. In other words it means a revolution. But revolutionary methods do not commend themselves to any sensible man. The other method is evolution, *the building up of a super structure over an already existing one*, by adapting the new methods to the old, by giving a new life to the exhausted body. And this is what we mean by "Reconstruction".



So far as we know no serious effort has yet been made in this direction. As a matter of fact the idea is quite modern.

It was the alarming condition of the masses of the rural population, suffering in the grip of extreme poverty that, towards the nineties of the last century, gave rise to any serious thought about this problem. Efforts were made to solve the problem and many schemes proposed and put into effect, the most important of which was the inauguration of the Co-operative Movement in India. We have already dealt with this topic in previous chapters. Since then various efforts have been made and are still being made by the Government, by different associations, and various individuals. It will be our task now to deal briefly with these experiments.

### Section III    **Government as an agency in Reconstruction**

The first important agency in a scheme of reform and reconstruction is naturally the Government. But a programme of reconstruction promulgated by Government cannot be comprehensive, as the sphere of the activity of Government is limited. For example, social reform lies outside the province of Government and in view of the peculiar conditions in India it is much more so. The Indian government has



always tried as far as possible to keep away from social reform except in a few cases where they were compelled to undertake it either to keep up the national prestige or the tradition of an enlightened and benevolent government. Thus the sphere of work open for government initiative is only political or economic.

The recurrent and disastrous famines, the poverty, indebtedness and misery of the rural population, were the main causes which led the Government to seek the ways in which relief could be given to the suffering masses. Various Enquiry Commissions were appointed to investigate into the causes of the recurrent famines and all the misery caused by them. As a result of the recommendations of these commissions various Relief Acts were passed from time to time, which in some way or other sought to improve the condition of the ryots. Some of the most important of these enactments were the Deccan Agriculturists' Relief Act of 1878, the Takavi Loans Acts of 1882 and 1883, The Punjab Land Alienation Bill of 1899 and most important of all, the Co-operative Credit Societies Act of 1904.

The pressing need of the time was the improvement of the economic conditions of the rural population and hence the measures proposed or adopted were mostly of an econo-



mic character. Some of these were of a temporary character, to meet the urgent needs, for instance the remission or temporary suspension of assessments or the grant of Takavi Loans etc. Many changes were made in the Civil Law enabling the money lender to carry on his business with security and safety as well as awarding many protections and facilities to the borrowers. The Deccan Agriculturists Relief Act of 1879 was meant for the same purpose. By the Usurious Loans Act, it was meant to fix a maximum limit to the rate of interest. Restrictions were also imposed by law on the transfer of agricultural lands, for instance, the chief purpose of the Punjab Land Alienation Act of 1901 was the prevention of the expropriation of the peasant-proprietor by the money lenders. This Act made it impossible for the land to pass into the hands of non-Agriculturists.

By the Takavi Loans Acts of 1871, 1876 and 1879 and again by the Land Improvement Loans Act of 1883 and the Agriculturists Loans Acts of 1884 long term loans for permanent improvements and short term loans for current needs were granted. But the amount of loans granted according to these Acts was in the first place comparatively small and insufficient to meet the needs of the people, secondly, the terms and conditions were such as not to allow the borrower to draw the full benefit out of them.



Village Post Office Savings Banks have been started by government to inculcate the habit of thrift among the people and to provide facilities to the ryots for depositing their small savings. But as Mr Ewbank the Registrar of Co operative Societies, Bombay, says "No mere legislative fiat can control the working of economic law", it is really impossible for the government to solve all the difficulties by legislation, the whole thing depends on the systematic working and regularity of economic forces.

Government is also aware of the very unsatisfactory state of public health and the terrible misery caused every year by a number of diseases and epidemics, both among the people and the live stock. Government has established the Public Health Department and the Veterinary Department. The work of the Public Health Department is to look after the health of the people and sanitary conditions in towns and villages. Similarly the work of the Veterinary Department is to look after the welfare of cattle. The aim of both these public departments is, first the prevention of disease, secondly the cure of it and lastly the permanent eradication of it, if possible. Various methods have been adopted for this purpose.

For the prevention of Plague touring medical officers are appointed to inoculate people, the extermination of rats is attempted and



various other relief measures adopted. Similar measures have been undertaken to check Cholera and other epidemics. The best remedy for Malaria, apart from the prevention of it by destroying the mosquitos, is quinine, so Government has arranged for the distribution of quinine through the village post offices.

Maternity and Child Welfare is also not neglected help and advice is given in various ways to mothers & babies, and demonstrations are arranged to teach simple facts about the hygiene of the nursery etc. An example of this is afforded by the Annual Baby Show and the Baby Week held in all parts of India.

The welfare of the cattle which plays such an important part in the economic life of rural India is also not neglected and this work is done by the Veterinary Department and cattle-breeding farms have been organised by the Agricultural Department in various provinces.

But all this welfare work is much handicapped by the illiteracy and ignorance of the rural population, and their consequent apathy to all kinds of modern relief measures and innovations. An ample proof of this is the common distrust and dislike of plague inoculation or small pox vaccination, or even the inoculation of cattle against rinderpest and other cattle diseases. These measures are sometimes opposed even on religious grounds. No work of



public welfare can succeed unless the people are intelligent enough to understand its benefits, and come forward to cooperate with the organising agency

No doubt these difficulties have been tried to be met by educating people and demonstrating to them the usefulness of welfare work. Efforts have been made to popularise primary education among the rural population. But this is not enough. In the first place education is not as wide spread as it ought to be, because it is neither compulsory nor free, secondly the type of education which is given is not useful to the rural population. We have already discussed these points in connection with the topic of education.

The work of Government does not end here. Attempts have been made to reform social institutions also, as far as possible, and to train people in political organisation. A good example of the first kind of work is the abolition of "Sati",\* by law, while the passing of Municipal Acts and the establishment of municipalities and local boards to carry out the local administration serve the useful purpose of training the people in administration, and preparing them for self-government. But as has already been said it is impossible for the Government to

\* Sati was the custom of Hindu widows being burnt alive with their dead husbands when their bodies were cremated.



enter into every phase of human life and the great task of reforming the whole society cannot be achieved unless the people themselves come forward with a helping hand. It is really fortunate that intelligent public men have begun to realise the immensity of the task of rebuilding. This growing spirit of reform is manifested by the promulgation of various welfare and rural uplift schemes by different associations and individuals.

#### Section IV    Some interesting experiments in Rural Reconstruction

One of the most interesting experiments in rural reconstruction, which have been tried in recent times in India is the scheme launched in the Gurgaon District of the Punjab through the efforts of Mr F E L Brayne, an illustrious member of the Indian Civil Service and Deputy Commissioner of Gurgaon. The area selected by Mr Brayne was a typically bad one. The soil was very poor and unfertile and subject to precarious rainfall. The whole district was malarial and plague was a thing of annual recurrence, all kinds of epidemics and diseases were rampant. Villages were of the most primitive type, a mere group of small, insanitary huts. The people were hopelessly illiterate and improvident. They followed the old customs and traditions, and were the slaves

Rural Re  
construction  
in the  
Punjab



of a rigorous caste system They were suffering from extreme poverty and misery and the "Sahocar" or local money-lender had them fully in his iron grip

Mr Brayne soon found out that in spite of all this misery and ignorance there was still some desire on the part of the people to improve their lot He formed an association called the Council of Rural Economy, composed of the chief men of the village He clearly realised that rural uplift work can be successfully carried out only by those who are a part of, and familiar with the local population, which naturally has more confidence in them than in Government officials, who are often looked upon with suspicion He adopted a very comprehensive scheme which included the improvement of farming, sanitation, and education, as well as social reform Mr Brayne was well aware that the basis of everything is education and that the best method of spreading literacy and the elements of culture is to train a few leaders who can carry out propaganda work among the people With this object he established a school of Rural Economy in which leaders were trained in subjects like Agriculture, and Cattle-Breeding, Public Health and Sanitation, Child welfare, Education and Propaganda work He laid great stress on the training of the school-master, who is often a very influential man in the village and is therefore the best agency for



propaganda work Success greatly depends on those trained leaders whom Mr Brayne called "Guides, Philosophers and friends" Every effort has been made to improve the land, by bringing uncultivated areas under cultivation, by promoting irrigation schemes, and using better implements and upto-date methods, Cattle breeding has also been attempted and the annual cattle-show of Pulval \* has become famous all over the Punjab

In the educational programme, female education is also included, and in spite of many social hindrances and a good deal of opposition, Mr Brayne has succeeded in starting mixed schools for boys and girls A School of Domestic Economy has been started for women, in which women are taught such subjects as domestic economy, child welfare, nursing and midwifery, elementary principles of hygiene and health, needlework, etc The trained women who have come out of this have done useful work in rural parts, they go round the village and teach women the right way of bringing up children and better ways of living

The scheme includes an elaborate programme of propaganda work which is carried on by means of posters, illustrated pamphlets, and magic lantern shows, with special slides depicting improved village life Singing and concert parties are arranged from time to time

\* A village in Gurgaon district of the Punjab



in which songs describing the village life and praising the benefits of the right kind of living are sung. Many dramas which have been specially written for this purpose are staged on the occasions of festivals and fairs. Annual exhibitions of domestic goods, of improved agricultural implements and cattle are held every year. Competitions are conducted and prizes are awarded.

In short no pains have been spared to make the scheme a success and all possible methods of reform have been adopted. The results are very encouraging, though the movement is still in its primary and experimental stages.

Another great experiment in rural reconstruction has been tried in Bengal, in the little village of Bolpore. This scheme is somewhat different from that of Mr Brayne's at Gurgaon, both in ideals and methods. It has more a touch of "poetic idealism" being the creation of a poetic mind that of Sir Rabindranath Tagore one of the greatest living poets of the day. It is an effort to revive old traditions, and by blending them with modern ideas to formulate a scheme of rural uplift. Mr Brayne had no ancient ideals and traditions before him and hence his scheme is more radical and more material, than in intellectual and ideal, while that of Tagore is one based on ancient traditions and the building of

Bolpore  
Scheme



a modern structure over them. Thus the methods adopted are somewhat different, though the purpose is the same, viz., the uplift of the rural population.

Tagore founded the Institute of Rural Reconstruction some years ago at Shantiniketan in the village of Bolpore, Bengal, with a view "to bring back life in its completeness into the villages making men self-reliant and self-respecting acquainted with the cultured tradition of their own country and competent to make an efficient use of the modern resources for the improvement of their physical, intellectual and economic condition."

This institution is not only a school of training, but is actually carrying on the practical work of reconstruction. The first and perhaps the most important step of the programme is the economic survey of the villages to understand the problem and the possibilities of solving it by Co-operative methods. This enquiry forms the basis of all future work. The educational programme is a very comprehensive one, and special regard is paid to the training of suitable persons for Social Service. The founder thinks that this training is the basis of all future success and progress, as it is through these trained men that the ultimate salvation will come. Boys are trained in "The Art of Life" with its House Craft and Handicraft, the



Art of Thinking and Coordination of Experience and the Art of Expression through games, songs and the Drama. These young boys after leaving the school go back to their respective villages, carry on propaganda work and teach the people the true way of living. The scheme has proved very successful. The education and training of girls has also been included in the programme. Special Girls' schools have been started where girls are trained in domestic economy, health and hygiene, midwifery and child welfare.

Medical Relief work has also been organised, dispensaries have been started, and special regard is paid to anti-malaria and other anti-epedemic schemes.

The Institute farm is used for purposes of demonstration of improved methods of agriculture and assists the cultivators by the supply of better seeds and implements. It also points out to them the uses and possibilities of various cottage industries. This is how Tagore's ideals have contributed towards the spiritual and material welfare of the rural population of Bengal.

A third centre of rural reconstruction activities is Ramnathapuram a small village in the Coimbatore District in the Madras Presidency. Here the work is carried on by the Y M C A which has launched an intensive scheme of

Y. M. C. A.  
Scheme in  
Madras



reform Their programme includes the "removal of illiteracy, improvement of agriculture, development of cottage industries, economic relief, and the resuscitation of ancient rural institutions"

Cooperative Credit Societies have been made the agency of work, and in two years 39 societies of this types have been formed in a small area of 5 or 6 square miles Popular instruction is given by means of lectures arranged from time to time, in which better ways of living and the value of cottage industries are pointed out, special regard being paid to the latter With the help and cooperation of the Agricultural Department, improved methods of cultivation are demonstrated, and modern implements are supplied on hire

Young men are trained to carry on propaganda work, and night schools are conducted for the adult village population 'Uplift dramas' are staged in the villages and exhibitions are arranged on market days Special arrangement is made for the teachers of the rural schools for whom special courses are arranged in the summer vacation and instruction is given in co operation, farming and rural industries

Another centre of reconstruction work in the Madras Presidency is the Madras Provincial Cooperative Union Its programme has been drawn up by Mr Ramdas Pantulu an eminent

Work of the  
Madras Provin  
cial Cooperative  
Union



cooperator of Madras. This scheme is tried on an extensive scale in a number of villages within a radius of 7 miles. The improvement of the "social and economic" condition of the villages is the aim, and the same methods of education and propaganda are used. A trained Inspector is appointed in each centre, who organises a cooperative society and under its auspices education, health and welfare work is carried on, the village Panchayat (Council) having been given considerable powers by the village Panchayat Act of 1920. Funds are raised partly by Government grants and partly by contributions from the Cooperative Banks and Societies. The starting of a Land Mortgage Bank is being considered.

This scheme suggests the making of Panchayats the agency of work instead of creating any new institutions, and so its success depends on the revival and efficiency of the Village Panchayats.

The Madras Presidency again provides us with a third illustration of this kind of work carried on in the village of Alamaru in the Godavari District.

Alamaru  
Scheme

The purpose is again the same and the methods used are similar. This scheme has also been considerably successful in improving the lot of a population which had once a very bad reputation.



Another important scheme which is also based on the revival of the Panchayat system was promulgated in Benares, by a member of the Indian Civil Service, Mr. Mehta who like Mr Brayne in the Punjab has tried the task of rural reconstruction. His scheme starts with the revival of the village Panchayat organisation, and his idea is that the best way of impressing the minds of the people is by Art i e through music, drama, and so forth. Having this in mind he adopted almost similar methods. His scheme also includes the spread of education, improvement in sanitation and health, in agriculture and domestic industries. Social reform is also included in the programme.

Mr Mehta also makes the Village Panchayat the organising agency and pays special regard to the training of the "Sarpanch" (President) and the Panchayatdars (members) on whose ability depends much of the success of this institution. He has made special arrangement for their training in the Rural Reconstruction School at Benaras, though the educational programme is not as elaborate as that in the Shantiniketan in Bengal.

The Central Rural Community Board recently established in the Punjab is an example of the semi-official and semi-public body. It is composed of officials of the Educational,

The Punjab  
Rural Com  
munity  
Board



Agricultural, Veterinary and Cooperative Departments To this board are affiliated rural community councils which are mainly composed of non-official members. The board is financed by Government and its chief function is to assist the Rural Councils by giving monetary help and providing all kinds of facilities in the carrying out of rural uplift work, publishing literature, and organising propaganda work. These Councils have nothing to do with administration, but are of a purely advisory character.

Another very good example of non-official effort is the work done by the Ser-  
 The Seva  
 Sadan  
 Society  
 of Poona  
 vants of India Society under the  
 direction and guidance of the Poona  
 Seva Sadan Society. Established  
 originally to promote the education of women,  
 gradually it has included in its programme all  
 kinds of social work. The special purpose of  
 the Seva Sadan Society is the training of  
 women in medicine and sanitation, midwifery  
 and child welfare. It has many branches in  
 various big towns of India, and every year  
 a good number of women are trained in mater-  
 nity and child welfare. Free advice is given to  
 expectant mothers, trained nurses are provided  
 in various centres, child welfare work is carried  
 on. Besides this instructional work, the  
 Society also distributes medicines, milk and  
 clothing among poor families, free of cost.

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## CHAPTER II

### Some Difficulties and Their Solution.

#### Section I Difficulties.

Having surveyed the rural uplift work done by different institutions in India and described the various experiments which have been tried, one is naturally tempted to ask how far these efforts have proved fruitful

In consideration of the vastness of the country all the efforts have no more than a local bearing and local importance. They have certainly not succeeded in solving the immense problem of the national well-being, but in the small areas where they have been tried they have proved more or less successful. If they have not succeeded in alleviating the distress to any considerable extent, even in these areas, they have at least paved the way for future success.

There are innumerable difficulties in this kind of work, and unless these difficulties are overcome there is very little likelihood of its success as a national movement. The Rural reconstruction of India is a national problem and requires the efforts of the whole nation for its solution.



Whatever has been done up to now lacks unity of effort and is due to the isolated efforts of individuals or associations, working out their schemes independently of one another. So far as the purpose of these organisations is concerned they are all alike, but there is no similarity in the methods adopted by them. Apart from this lack of unity among the workers there is lack of unity among the people themselves. The reasons for this lack of unity among the people are various.

The chief things required for the unity of a people are —

- (1) Community of race
- (2) Community of religion
- (3) Community of Interests.
- (4) Community of Language
- (5) Community of sentiment

Unfortunately many of these essential features are absent in India.

There are two or three great religions and hundreds of castes and creeds. There is no community of race, the whole population being a mixture of different races. How could there be a community of language in a country where there are 7 or 8 different languages and about 220 dialects? These difficulties could be overcome if there is one thing present—the community of interest and sentiment.



Unfortunately the spirit of nationality has not developed yet to such an extent as to overcome all the differences. Besides these abstract difficulties viz the lack of unity and national sentiment and spirit, there are other material difficulties in the way of any concentrated effort. These difficulties are mainly of a technical, administrative and financial character.

In the first place there is the lack of sufficient statistics and data, regarding the economic condition of India. This does not mean that no statistics are compiled. There is a special Government Department of Statistics, which prepares data every year about Agriculture, Health, Trade etc. But these statistics merely state the existing state of affairs and that too with regard only to a few subjects. They do not attempt any comparative study of the past and present or of India and other countries. What we know through them is only the present and not the past, only facts about our own country and not others. But for the purpose of rural reconstruction it is not enough. Reconstruction itself means the revival of *something*, and unless we know exactly what that something was it is difficult to build upon it. Hence the need of economic enquiry as the first step in the task of reconstruction. We shall return to this subject later in the book.



Besides this there are a number of administrative difficulties in the way, and, in the carrying out of an All-India reconstruction scheme, many technical questions of administration are involved. Above all the question arises whether the work of reconstruction should be carried on by Government or by the people themselves. There are certain items which come under the sphere of Government and are automatically dealt with by Government Departments. Education, and Health are of this type. But again there are certain other items which lie outside the sphere of Governmental action, e.g. social and domestic reform. Apart from these even those items which lie within the sphere of Government cannot be carried on solely by Government without the cooperation of the people. But even if we assume for the time being that they lie exclusively within the sphere of the duties of a benevolent government, and that people have nothing to do with them - which is absurd - there arises again the question of co-ordination between the work of various departments of Government. Under the present circumstances though public good be the aim of all the departments, there is no coordination of effort or consultation among the various branches of the administrative machinery. The result is often a waste of effort. For instance, the Department of Statistics prepares data

Difficulties of  
administra-  
tion



without consultation with the other Departments of Government. The statistics are therefore of little value because they do not supply the specific need of other Departments.

But whether they are carried out by Government or by the people, money is required for everything. The financial difficulty is another difficulty in the way of any reconstruction on a national scale. So far as Government is concerned, it may be argued that the monetary difficulty may not be felt so much as in the case of a public institution, because Government can make provision in the annual budget for this kind of work, and Government does make provision for this. But, in the first place, it would be rather too much to expect Government to carry out all the work of reconstruction and the public must join hands with Government in this. Secondly, if we examine the annual budget we find that the Government of India does make enough provision for the education, sanitation and health departments and so on. This allotment is open to criticism. It may be said that by curtailing some very heavy expenditure e.g. the military expences and the very high pay of Civil Servants, it is possible to allot more money to such items as education, agriculture,

Financial  
difficulties



health, sanitation etc.\* Yet even after this readjustment, we are afraid it will not be possible to launch any scheme of rural construction on a national scale unless the people themselves help the Government

Assuming that the help and assistance of the people is necessary for the carrying out of rural uplift work, the other agencies of work are either individuals or associations. It is very difficult for any individual to carry out

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\* The following table will show the percentage of expenditure under various heads from 1931 to 1936

Percentage of total expenditure

Item	Year		
	1931-32	1933-34	1935-36
Military Services	36	30	28
Railways	11	12	13
Public Debt	8	9	10
Police, Gaols & Justice	9	10	10
Education	4	5	5
Civil Works	5	5	5
General Administration	5	5	6
Land Revenue	3	3	2
Agriculture	1		
Forests			1
Irrigation	2	2	3
Public Health		2	1

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this kind of work independently. He may succeed in a limited and small area, but that is not enough. These sporadic and isolated efforts will not solve the national problem.

Thus the third agency which can do a lot in this direction is "association." But the same difficulty of administration and finance comes in here too. How are these Associations to be financed, and how can their efforts be coordinated and turned to good account? It is possible that they may get some monetary help from Government in the form of donations or annual grants. But this cannot be too much relied upon as Government may not be able to grant any considerable amount, because if they had been in a position to do so, they would have themselves allotted more money to welfare work. Not expecting too much from Government, the other alternative is to raise money by public donations, subscriptions or shares. Donations and subscriptions are of a very precarious nature and cannot be too much relied upon. Besides this no national structure could ever be built on charity, nor is it desirable to do so.

The only alternative solution of the financial problem is the raising of money on a cooperative basis from the people themselves. It would be ridiculous to form jointstock companies for uplift work, and the best form of



association suited to the purpose, therefore is the association formed on Co operative lines The feasibility of this scheme we shall discuss in its proper place

Another great problem to be solved is that  
 Difficulties of of administration  
 Admin stra  
 tion

India is specially notorious for the absence or scarcity of sincere public workers There are exceptions to the rule and India has produced some illustrious public workers of whom the nation is justly proud But what can a few people do in the immense population of 320 millions and in a big country like India? Nation-building requires that every town and every village should have a number of public spirited men who can devote their energies to the National uplift It is the scarcity of this kind of men that has led to the failure and breakdown of many institutions which had come into existence from time to time

Even if there is a man here and there of this type who is able to run a public institution, what can he do alone, unless he is assisted by the others with whom he has to work?

Experience shows that a public institution which has been working for some time splendidly, has ultimately failed and perhaps even



ceased to exist, simply because the person who was the sole driving force is no more there "The Master's eye works wonders" So long as the "Master's eye and the master's hand are there, everything runs smoothly, but no sooner are they relaxed than the breakdown is inevitable.

The result is lack of continuity of effort and harmony of ideas and ideals which are the very soul of any kind of uplift work, and which are vital to the success of any programme of nation building on an extensive scale

The best solution of this problem again is not to depend too much on personalities, but to entrust the whole work to associations in order to ensure "continuity" and "harmony" and the best form of association suitable for all this kind of work is the one based on cooperative principles

## Section II The Solution

"If the system of co operation can be introduced and utilised to the full, I foresee a great and glorious future for the agricultural interests of the country

These were the words uttered by His Majesty the late King Emperor in 1911 in India on the occasion of the historical Coronation



Durbar at Delhi. They furnish us with the best key to the solution of the problem of rural India.

We have considered in the previous chapters the share of the Government in the administration of the country and the organisation of rural economy. We have also examined the part played by various individual associations in the work of rural uplift, and the reorganisation of the village community. We have seen the rise of the Cooperative movement in India and the progress it has made during the past 30 years. The Government has always been there in some form or the other. What ever the form of Government may be its sphere of activities is limited, it can act freely within certain bounds but beyond that its power of action is limited. There are many checks to its power, political, legal and moral. There is a certain limit beyond which it becomes undesirable and even unjustifiable for the Government to interfere in human affairs. It can force the people to act in a certain way or desist from action only as long as it is in the interests of the general public to do so but no government is justified in interfering in purely personal affairs and intruding upon individual liberty and freedom.

An illustration of the difficulty of governmental intervention in matters religious or



social, is furnished by the question of temple entry to "Harijans", which has come to the fore with great vigour within the last few years. This problem is in some respects different from others such as "Sati", or Child Marriage, in which legislative interference was possible. It bristles with difficulties, political, social and legal, and it is not surprising that Government is slow in taking action. It is not possible to raise the social position of the so called "Untouchables" by a legislative fiat. Here we have a problem which may be solved by Cooperative organisations for the removal of untouchability.

National reconstruction presupposes change in every phase of human life. As this change will affect each and every one, it must be approved by all, the initiative must come from those who are directly affected, not from a small intellectual minority. Reconstruction in order to be solid and stable should not be superimposed, it must start from the bottom, as no edifice built on uneven ground and weak foundations can ever last long. Up to now we have seen that all the burden of public welfare has been thrown on the shoulders of Government. The best of all measures which Government took from time to time to alleviate the condition of the Indian people is the impetus given to the co-operative movement. This was

Cooperation  
of the  
people



the outcome of Government initiative and Government effort. The Government has succeeded in firmly establishing the roots of this popular movement in India, and the movement itself has fully proved its worth in the last two decades. The time has come when the task should be taken over by those for whose benefit it is meant, for whom it has already done so much, and is likely to do more. We do not mean to say that the Government element should altogether be eliminated out of the programme of reconstruction but what we suggest is the co-ordination of the efforts of the people and Government in all public activities. Co-operation teaches us self-help, and no nation in the world has ever achieved the fruits of civilisation without self-confidence, self-reliance and self-help.

How true are these lines of an Urdu poem -

خدا نے اچانک اس قوم سے حسبِ نرس دی \*  
 نہ جو حسدو خدایا ابی حسبِ نرس دے دے ۱۶

The achievements of the individual welfare associations, though they may be <sup>Need of concentrated effort</sup> insignificant in view of the immensity of the task nevertheless give us a good lesson of what could be done by private co-ordinated enterprise. The task is too big and the problem

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\* God has never changed the condition of a people who have never cared to change it themselves.



too complicated to be tackled by individual efforts. It needs the best brains of the country to solve it, and the coordination of all the divergent forces to work it out. In short, it needs a concentrated effort, and the best form this effort, could take is co-operation.

Co-operation has undeniably proved its worth in every civilised country of the world, it has proved its strength and stability in face of such political upheavals as the Great War when all the nations of the world were busy in a life and death struggle.

The co-operative movement continued to exist and came out of the strife as the only cementing force and common ground on which all humanity could stand hand in hand without any distinction of 'caste, colour or creed'. When Russia was writhing under the throes of a bloody revolution, the Co-operative movement was still silently building up its destiny, to come out of the chaos as one of the most successful movements of the present century in that country. When the constitution of India is in the melting pot and the country is passing through one of the most critical phases of its political evolution when great politicians are trying to achieve their political aims by whatever means they can, the co-operative movement is still peacefully working out its



destinies of the millions of India's sons. The impartiality and harmlessness of the Co-operative Movement make it one of the most peaceful means of attaining political, as well as economic and social ends. This impartiality and harmlessness again give it an equal appeal to all classes of people irrespective of their various differences. Its inherent principles of mutual aid and self help make a special appeal to the sense of association among its adherents and stimulate the sense of mutual responsibility among them. Consequently it could most suitably be adopted as an agency for solving the various problems of a people which require a concentrated effort. It can not only solve the innumerable social and economic problems but could also be utilised ultimately to build up a political organisation, as the basis of the cooperative democracy of the future.

Having ascertained the feasibility of reconstruction on co operative principles, and considering what co operation has done, is capable of doing and can do in future, it becomes desirable to formulate a scheme of rural reconstruction on co operative principles. It is a hard task and requires the deepest thought of the best intellects. Yet our work will be incomplete if we did not attempt to suggest something.

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## CHAPTER III

## Some Institutions in the Scheme of Reconstruction.

## Section I The Institutions.

Any scheme of social reconstruction should ultimately be based on principles of cooperation rather than competition. Unless there is coordination of interests and cooperation in action, no uniform success could be achieved. Competition means exploitation and by exploitation a few individuals reap the whole advantage leaving the majority to suffer. Therefore a scheme which has for its object the welfare of the majority cannot possibly be based on competition.

Secondly the scheme in order to be a comprehensive one must give consideration to the interests of every class of people and include in its programme all phases of life. But no scheme can claim to be complete unless it is based on a thorough knowledge of existing conditions, under which people live. Before launching any scheme of reconstruction it is necessary that a thorough enquiry into the economic and social condition of the people should be made, with a view to the application of cooperative



principles to the solution of the problems, and needs of the people. This preliminary enquiry should not be confined only to India, but must be extended to other countries in order to ascertain under what conditions and to what extent cooperation has succeeded in solving the difficulties of other people. Besides this the problem should be considered from a national point of view. We should study the condition of India as a whole and not only of a part of the country, or of a particular section of the population. This preliminary economic survey therefore should be carried out on an extensive scale by an All-India Enquiry Commission representing the whole of India. Nor does the work of investigation end here. Conditions never remain stationary, they are always changing, and with each change new problems arise from time to time. In order that the movement may remain up-to-date the work of investigation should be a continuous one. There should not only be a temporary commission of enquiry but a permanent body for this purpose, whose work should be to investigate and report on the problems that arise from time to time.

This permanent body should take the form of an Enquiry Council or an Information Bureau, the task of which should be to collect all kinds of information which may be necessary and helpful for the carrying on of the work in hand. It should



collect the latest data as regards the progress of the cooperative movement in India as well as other countries it should gather information regarding the general progress of the movement in a similar way and also any additions which may be made in the form of new institutions or the discovery of any new principles. It should always be ready with first hand and up to date knowledge of the state of affairs to help the various institutions engaged in the work of rural reconstruction.

Side by side with this Information Bureau and as part of it there should also exist a Re-

The Research  
Institute search Institute. In view of the fact that India is an agricultural country and most of the reconstruction work undertaken by the cooperative institutions would be of rural nature pertaining to agriculture cottage industry and other rural activities the need of some such organisation is imperative. This institute should work somewhat on the lines of the Government Agricultural Institute at Pusa. Its activities should include all kind of experimental work both as regards the formation of new cooperative institutions which may be found necessary and useful as well as the extension of the activities of the old ones to new needs and new problems which may arise owing to changing con-



ditions \* It should also undertake the work of experiment, of research into the direct needs of agriculture such as manures and seeds, or raw material for rural industries For this purpose it is necessary that the Information and Research Institutes should be manned by experts in different branches of study, and equipped with a first class laboratory

The results of this investigation, experiment and research should be published in periodical journals, as well as in the form of pamphlets, leaflets etc and made known to the people by means of demonstration and propaganda For this purpose it is necessary to start demonstration and propaganda societies The Information Bureau and the Research Institute will of course be located in some suitable central place, but in order that every section of the rural population may be benefitted, demonstration and propaganda societies will have to be started in great numbers so that each district may remain in direct touch with one or the other

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\* Since writing the above some of the hopes expressed in this chapter have been realised On the recommendation of the Royal Commission on Agriculture otherwise known as the Lushington Commission an Imperial Council of Agricultural Research has been established at Delhi H E the Viceroy being himself its President Already within the short period of its existence the Council has achieved some tangible results by means of experiments and investigations

Besides this a comprehensive scheme of organised marketing has also been taken in hand



It is often complained that the produce of grain per acre is low in certain areas compared with others, that sugar-cane in a certain locality yields less sugar than in another, that cotton grown in one area is inferior in quality or fibre than in another and so on.

In all such cases there is something wrong with the methods of production. It will be the task of these demonstration and propaganda societies to point out to the producers their mistakes and drawbacks, teach them better and improved methods of production, the use of manures and fertilisers, of seeds of better quality, scientific ways of cultivation, the usefulness of better implements and modern machinery etc

There are many demonstration farms maintained by the Agricultural Department but it is often difficult to keep the cultivators in touch with them. If these demonstration farms are maintained by the cooperative societies, it would be possible to keep the cultivators, who are members of these societies, in constant touch with them, as they frequently meet together on the occasion of meetings of the societies and panchayats. These opportunities can be availed of for giving practical demonstrations. The farmers can exchange views with one another as well as the Government Agricultural experts.



Apart from the special type of Demonstration and propaganda societies this work could be carried on on a smaller scale by the ordinary village cooperative societies as well

Agricultural Organisation Society	If the results of these experiments and demonstrations are seen once and forgotten, the whole labour is wasted. In order to give effect to the recommendations and advice of the Demonstration Societies it is necessary that there should be somebody to help the farmers to carry out the recommendations and to enable them to put these scientific ideas in practice on their own farms, to keep a constant watch over them and to help them by the supply of all their needs
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farmers, and others. A similar type of organisation is needed for India. This would immensely benefit Indian Agriculture and in course of time could extend its activities to other rural industries as well. In India we expect the State to do everything but we must remember that an institution like this can combine the efforts of the State with those of the people themselves. The State can help the organisation with funds and by putting at the disposal of the society the services of the experts of the Agricultural, Industrial and Veterinary departments. By this happy union of the State and public agency much good work has been done in almost every country of Europe and could be done in India in the same way. In Ireland the I. A. O. S. serves a very good example of this. Denmark also affords us a very good example of this kind of work being carried on by the public with State aid. In view of the vastness of the country, and the diversity of climatic and other conditions in different provinces it may not be possible, nor would it be desirable to have one organisation like this for the whole of India. On the other hand in view of the necessity of having a consistent and nation-wide economic policy, it would not be advisable to have a number of such organisations working independently of one another. The best solution lies in the formation of one such society in each province with one central



imperial organisation, incorporating all the provincial associations. The work of the Central Society should be mainly advisory, apart from the promulgation of one economic policy for the whole country, based on a scientific study of general Indian conditions.

Under the auspices of the Organisation Societies and coordinate with them, Cooperative Agricultural Development Societies may be formed to meet the local needs in various districts. The work of these societies should be under the direction of the Organisation Society and in adherence to the general policy promulgated by it, to organise and supervise ordinary cooperative societies by the dissemination of agricultural knowledge and the supply of the various needs of the local farmer, agricultural as well as domestic.

A very interesting experiment may be tried in Agriculture in India, by the formation of Cooperative Farming Societies and Cooperative Colonization on community principles. These societies take various shapes and are commonly found in some form or other, in countries like Italy, Rumania, Palestine and Russia. In Italy two main types of farming societies are found, "individualistic" and "collectivist". In the one each member cultivates his own plot paying the



society rent in cash or kind. In the other individual possession of land is not allowed and members work for a fixed wage under the society's manager and all produce is pooled. This type is more of a socialist character.

Besides farming, these societies sometimes undertake other kinds of business also for the benefit of their members, such as collective purchasing and selling of produce, keeping agricultural machines and implements and letting them out on hire, insurance of live stock and the provision of credit. Besides these economic activities they also undertake social work by establishing technical schools, and children's homes, organising lectures on agriculture and other useful subjects, running social clubs etc.

The farming societies in Italy have been found very useful in solving the problem of unemployment.

Societies on similar lines have met with considerable success in Rumania and Palestine, having taken the form of Jewish cooperative colonies in the latter. Recently they have made a very great advance in Soviet Russia where collectivist farming societies more or less of a socialist type are quite common.



Their success in these countries cannot but appeal to those who contemplate some kind of rural reconstruction work in India.

The farming associations of the types which exist in the above mentioned countries may not be suitable for India but they may be introduced in this country in a modified form and adapted to the local conditions

The problem of unemployment among the agricultural population and educated but unemployed masses, as well as the problem of alleged overpopulation may to some extent be solved by the formation of farming societies and the promulgation of a land colonization scheme on cooperative principles

In many parts of India there is a large landless agricultural population who eke out a miserable existence by working as tenants-at-will or hired labourers and migrate from place to place during the harvest season

On the other hand, in many parts of India there are lands which are lying waste and without any cultivation, although they are quite fit for cultivation, or could be made so by artificial improvements. These lands could be settled with groups of the above mentioned people on community principles, incorporated in cooperative farming organisations modelled on the lines of European farming associations, with necessary modifications suitable to Indian economic and social conditions



We have seen that one of the greatest needs of the Indian farmer is cheap credit. This need was so urgent and peremptory that it was to meet this that the first cooperative institutions were formed in India. We know what they have done in solving the monetary difficulties of the Indian cultivator and what good progress the cooperative credit movement has made in India. But in spite of this a few things are lacking and the time has come that these needs are provided for by the formation of suitable institutions. Two most important organisations of this kind which cannot be ignored in a national programme of rural reconstruction and which need introduction in the country at the earliest opportunity are Land Mortgage Banks and an All-India Co-operative Bank.

Village cooperative societies of unlimited liability are not suitable agencies for long-term loans, as these ordinary societies rely for their funds on short term loans. Loans advanced by these societies are not enough to meet all the demands of the ryots and to supply all their needs. For instance they are not useful for purchasing new lands, making permanent improvements on land, or the clearing of accumulated debts. An ordinary village society



cannot afford to tie up its slender resources in the form of long-term loans. Therefore for this purpose land mortgage banks somewhat on the lines of the "*Landshaftens*" of Germany are found to be the most suitable institutions.

The objects of these banks, as laid down in a Resolution of the Registrar's Conference held in Bombay in 1926 are as follows:—

1. The redemption of the land and houses of the agriculturists.
2. The improvement of land and houses of agriculturists.
3. The liquidation of old debts.
4. The purchase of land in special cases to be prescribed by the bye-laws

In addition to the following is also included in the Madras Bye-laws.

5. Any other means designed to encourage in the members the spirit and practice of thrift, mutual help and self-help

As these banks require long-term money they must raise their funds in a different manner than the ordinary organisations. They usually raise funds by the floatation of debentures, and for this Government assistance in earlier stages is necessary. Government can give a helping hand by taking up a proportion



of the debentures and by giving a certain amount of guarantee to the Debenture-holders. Besides this these banks will have to be financed by some other financing agency. The question arises whether this duty should be undertaken by the ordinary Provincial co-operative bank or whether separate Provincial Co-operative Land Mortgage Banks should be established. In the beginning it may not be necessary to start separate Provincial Land Mortgage Banks. Banking is not very highly advanced in India and the people, especially the rural population, are not very familiar with a complicated banking system, and the multiplication of a number of different kinds of banking institutions may quite possibly lead to some confusion instead of facilitating the supply of credit. Therefore it seems advisable that in the beginning the financing of District Land Mortgage Banks should be entrusted to the ordinary Co-operative Provincial Banks, which can supply both short-and long-term loans by floating debentures with State aid and support.

Whatever form these banks take, (and it depends entirely on the local conditions what forms would be suitable in different provinces) this much is certain, that the need of such institutions is greatly felt and that it is desirable that they should be started as early as possible.



Another institution which is greatly needed in India is an All-India Co-operative Bank. Under the present system of Co-operative Banking, there is one Central Bank for each district (in the cases of big districts sometimes two or three for each district), and above these District Central Banks, there are Provincial or Apex Banks. But over the Provincial Co-operative Banks there is no other central organisation. The Provincial Banks in many cases have cash credits with the Imperial Bank of India but have no co-ordinate relations with one another. Since the establishment of the Provincial Banks over the Central Banks provision has been made for utilisation of the surplus funds of the latter, and facilities provided for the borrowing of money from the apex banks according to their needs, instead of interlending among themselves which usually involved an interlocking of liabilities and led to a number of complications. The same problem now lies before the various Provincial Banks, not having a central organisation above them they are unable to have co-ordinated dealings among themselves and as regards their surpluses, they often have to invest them outside the co-operative movement in Joint-Stock business, which is based on the principle of competition not co-operation and which is highly speculative and doubtful. In all kinds of inter-provincial and international



banking business they are compelled to have recourse to Joint Stock Banks. This shows the urgent need for the establishment of an All India Cooperative Bank having its headquarters at some suitable centre. The need of such a Central Banking institution for the whole of India becomes still more imperative when we remember the proposal for starting Land Mortgage Banks. Land Mortgage Banks would necessarily involve long term loans and loans of considerable amounts. It may not be possible for the District Central Banks and sometimes even for the Provincial Cooperative Banks to meet these needs, and they would be obliged to have more dealings with Joint Stock Banks or the Imperial Bank of India. From a purely cooperative point of view this is not very desirable. But if a cooperative Bank on a big scale for the whole of India is established all the big and complicated problems of cooperative banking in India may be solved.

Credit is not the only need of the Indian rural population. Whether it is the village farmer or the village artisan both are equally in need of help in regard to the disposal of their produce, agricultural as well as industrial. But the marketing of agricultural goods is a very difficult affair all the world over. It is much more difficult than the "distribution" of manufactured products. The reasons are as follows -

Cooperative  
marketing



- (1) Agriculture is dependent on the vagaries of nature. A promising harvest may suddenly be destroyed by floods, continued drought, pests, etc.
- (2) It is very difficult to regulate agricultural production in accordance with demand.
- (3) The bulky and perishable nature of agricultural produce raises difficult and complicated problems of marketing.

In addition to these there are certain special difficulties in India.

Owing to the existence of small holdings and consequently a number of small scale producers, each unit of production is marketed separately. The goods are not bulked and up-to-date marketing methods like grading, packing and standardisation are not adopted. Warehousing and pooling are unknown. Inefficiency in transport and the absence of an elaborate system of finance and insurance are further drawbacks.

The small unit and the inability of the producer to come in direct contact with the consumer necessitate the employment of a number of middlemen, brokers and commission agents. These middlemen make their profit without rendering any real economic service.



and are often guilty of shady practices. They cheat their customers by the use of deficient weights and measures and a number of arbitrary deductions, and also by adulteration of the stuff. Owing to the absence of warehousing and transporting facilities the producer cannot store and withhold his produce for better markets. He is also obliged to sell away the produce without waiting for favourable conditions, because he has to meet the obligations of creditors and the demand of the State for taxes and rents. Besides this India being a predominantly agricultural country having a large volume of internal and external trade in many farm products of commercial importance has always got some excess of such produce to sell. This further reduces the market-prices of commodities and leaves the poor ignorant farmer in a miserable plight. To help the farmer we require some uniformity in marketing methods, and it becomes much more imperative that India should possess a highly organised system of cooperative marketing. The case becomes stronger owing to the enormous indebtedness of the ryots and their inability to extricate themselves from the clutches of the moneylender and local trader.

If the Indian producers are to get rid of the exploiting middleman, if they have to compete with the producers of other countries who are better organised, if they want to make their



chief industry viz agriculture an adequately paying concern they must organise themselves on cooperative lines for the purposes of marketing their goods. In systematic and cooperative marketing they would find the best remedy for all their troubles. What facilities a well organised system of cooperative agriculture provides is best illustrated by the example of the little country of Denmark. Besides this the great marketing organisations such as the Wheat Pools of Canada the Cotton Growers Exchange of U S A the Fruit Growers Association of California Meat Organisations of Australia and New Zealand Artels of Russia and the Silk selling Societies of Japan afford us some very good illustrations of successful cooperative marketing. The aims of all these organisations are more or less the same viz —

- (a) The elimination of middlemen and intermediaries
- (b) Facilities of transport storage and sale
- (c) Obtaining of better prices by quality production by the adoption of such methods as grading pooling and standardisation
- (d) Opening of new markets all over the world



The needs of the Indian agricultural producer as well as the artisan are exactly similar. The needs being the same the remedy is the same too viz, the organisation of marketing on cooperative principles, involving all those methods adopted by the successful organisations of the world for this purpose.

Apart from the general agricultural produce there are certain special articles which more or less form the staple produce of India, and as such require very careful handling for marketing purposes. This need becomes still more imperative considering the fact that they are chiefly produced for export purposes and as such enjoy a world market. Among these articles may be reckoned such products as cotton from Bombay, jute from Bengal and oil seeds mostly from the Deccan. Hence these articles afford the best scope for the organisation of marketing on cooperative principles. For instance, in the case of cotton, through cooperation the farmers can be very easily educated not only to handle their produce in the best way but also to improve their crop by the selection of the best seed, which is very important for improving both quality and quantity.

• Societies on similar lines may be formed for other crops like tobacco, wheat, oil seeds, rice and jute. Vegetable-garden crops and



fruits also afford very good scope for the formation of marketing organisations. If the gardeners and fruit growers cooperate and collect the produce, grade it and guarantee the supply, the problem of marketing could be solved to a great extent. The opening of a proper market by organisation will moreover stimulate fruit cultivation and vegetable gardening for which there is a great demand though owing to the lack of marketing facilities and organisation this branch of agriculture has not very much developed.

Agr cultu ral whole sale Soc ety	The question of marketing is very closely bound up with that of some kind of organisation for the disposal and the distribution of the agricultural produce among the consumers. If
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the interests of the producers are safe guarded by the formation of the marketing organisation for the efficient and economic handling of produce there is a need that the interests of the consumers should at the same time be taken into consideration and safe guarded against a combination of producers.

Some organisation to cater for the needs of the consumers should also be formed side by side with societies which seek to help the producer. The best organisation which presents itself to one's mind is a Cooperative Agricultural Wholesale Society, somewhat on the model



of the Cooperative Industrial Wholesale Societies formed in Europe on Rochdale principles, of which the best example is the English C W S. Ireland also affords us a very good example of an Agricultural Wholesale Society.

It is necessary that Cooperative Agricultural Wholesale Society should be formed for the whole of India as soon as possible for the distribution of Agricultural produce among the consumers. The producers should be organised on an extensive scale and the consumers must be similarly organised too, so that a harmonious relationship may be attained between the two economic processes of production and consumption, and the agricultural as well as other rural industries may be carried on on a rationalised basis.

Cooperative Organisation of Cottage Industries	The importance and necessity of small-scale domestic or as they are better known cottage industries, is undeniable and can hardly be overrated in an agricultural country like India.
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We have already made a survey of the existing cottage industries of India and the conditions under which they are carried on. Assuming their need and importance it becomes absolutely necessary that they should be properly organised, adequately financed and generously encouraged by the Government, and patronised by the people. Otherwise it would be difficult



besides is the organisation of production and distribution of their goods. Organisations on cooperative principles may be formed for all these purposes. The best form which such organisations could take is that of Cooperative Industrial Societies. These societies can help their members by

- (a) The purchase of raw material in large quantities at wholesale rates, their distribution among the members and the recovery of their price after the sale of the products
- (b) Provision of cash loans for the purchase of tools or materials and other domestic needs
- (c) Provision for the marketing of the product

It is necessary that every district should have a local or District Industrial Society catering to the needs of all the domestic industries pursued in that district. To form one society for each industry may lead to some confusion and complications, whereas one society for all the industries can easily perform all the above duties. These district societies may be incorporated in a Provincial Industrial Society. For financing purposes separate Provincial Industrial Banks may be started side by side with rural credit Banks.



Above all, either there could be one Industrial Society for the whole of India, or an Indian Cooperative wholesale Society, while the supreme financing agency may be the All India Cooperative Bank already mentioned

Along with the economic and material welfare of a country, it is equally necessary to look after the social uplift of its people. No programme of reconstruction will be complete if it did not include the reform of society and social institutions. In the Chapter on Society we have examined the existing social conditions in India and a number of social evils which have crept in the Indian rural community, the most glaring of them being child marriage, misuse of Purdah System, abuse of the caste system and the resultant inequality of status giving rise to the much discussed social problem of "untouchability". There are many other social evils which cause a heavy economic loss to the rural community such as a number of customs and ceremonies attached to birth, marriage and death, etc.

Since the inauguration of the cooperative credit movement in India a good deal of social reform has been brought about in the rural community as cooperation apart from having an economic value has a considerable social value also, and while catering to the needs of the



members, it has also exercised a salutary influence on their morals. In most of the cases the members have taken an oath not to indulge in drink and pledged themselves not to be extravagant in the observance of social ceremonies. Besides this credit cooperation automatically teaches them thrift and economy and induces them to save. It teaches them equality, and creates in them the spirit of universal brotherhood.

In justification of starting the cooperative movement first with credit Sir Horace Plunkett says ' -

"I have always regarded credit as the most educative form of cooperation for backward rural communities, when the principle and system of cooperation have to be introduced into their industry, their business and their lives "

But still the credit movement has its own problems to solve and apart from this it cannot go beyond its bounds and undertake all kinds of social work. For this purpose we must have special types of societies which may undertake purely social and uplift work. In our survey of the cooperative movement in India we have noticed that a few societies of this type in the shape of "Thrift", "Better living" and "Arbitration" societies have been formed here and



there in different provinces. But considering the immensity of the task and the wide field in which they have to work this number is quite insignificant and the work done quite infinitesimal. What we need is thorough overhauling of the society which in certain cases may mean a complete and radical change. We need not be hasty. We can achieve the best results only by hastening slowly. All social reforms must be wrought slowly and peacefully. The best way to effect this change is by appealing to the judgment and the common sense of the people themselves and no agency other than a cooperative social reform society can serve this purpose. It is necessary that an extensive programme of social welfare work on cooperative lines should be taken in hand and worked out side by side with other rural uplift work. This kind of work like others also requires a concentrated effort and to work out a national programme of social reform it is necessary that its organisation should be put in the hands of a national centralised body representing all shades of opinion. An institution like a National Council of Social Service based on cooperative principles for the whole of India may best serve the purpose. This body should lay down a general policy suggest ways and means and issue directions and instructions to the subsidiary organisations. These subsidiary organisations should be organised in the Pro-



vinces, districts and villages Associations should be formed for various definite purposes, such as arbitration, prohibition of drinking, gambling and holding of dancing parties, and other social uplift work somewhat on the lines of the already existing social welfare cooperative societies which may also be incorporated in this new Central organisation

A programme worked out on some such lines can greatly add to the social welfare of the Indian rural community

Health and sanitation are also somewhat of the nature of social welfare and may conveniently be included in the programme of rural uplift work organised under the auspices of the above mentioned National Council of Social Service So far as the general policy and question of general control are concerned this institution can very well undertake this duty As regards the detailed workings of a Health and Sanitary programme, it may be entrusted to special types of societies for various purposes In this direction also a number of cooperative societies have been formed in almost every province of India, a typical example of which is the Anti-Malaria and Anti-Epidemic societies of Bengal But this kind of work must be carried out on a very extensive scale According to the various local needs



cooperative societies may be formed in every village and district working coordinately with one another and in accordance with the general policy laid down by the National Council. Anti epidemic societies, dispensaries, water supply societies, milk supply societies, child welfare societies, general health and sanitary reform societies and a host of others may be formed on cooperative principles and can greatly alleviate the distress of the suffering millions and bring them out from darkness and misery into light and happiness.

Apart from the problems of Finance and Administration there are other difficulties in the way of the successful working of the rural reconstruction programme. First there is the scarcity of able men to carry out the village administration and the work of village uplift. Secondly, there is the conservatism of the people themselves among whom this work is to be carried on. Unless these hindrances are removed it will be exceedingly difficult to do anything for the improvement of our villages in regard to sanitation, health, social welfare or even with regard to economic and industrial welfare. A comprehensive scheme of rural education and propaganda alone can solve this problem.

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## Section II Education.

The need for education cannot be denied. The chief problem is what is the right kind of education suitable for the majority of the Indian people. This is the problem which is facing the educationists and the social reformers of India and different suggestions form part of every scheme of rural uplift and welfare.

That the present system of education is not suited to the requirements of the majority of the population, and, that it does more harm than good to the rural population especially, is the statement made most repeatedly, and the argument put forward most forcibly to explain the growing unemployment in India and the apathy of the rural population to their ancestral profession of agriculture and handicrafts.

Various attempts have been made to survey the situation and schemes put forward from time to time. The Right Honourable Sir Akbar Hydari the Finance Minister of Hyderabad, \* and an eminent educationist of India, has made a very good survey of the existing situation, and put forward an elaborate and useful scheme of reform in his Convocation Address to the *Punjab University*, some time ago.

He says -

"The production of the country is

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\* Now the Prime Minister of Hyderabad



largely in untrained hands and therefore relatively inefficient hands"

In view of the prevalent situation and existing conditions these words are quite true. Boys are sent to school at the age of six and remain there till about sixteen. Not only are their services lost to their parents during this long period but when they leave the schools, and come back to their homes they are quite changed men. In the majority of cases they are quite unfit to take over the job of their ancestors, partly because they are physically unfit to undertake it anymore, and partly because they have come to dislike it, and if compelled by circumstances to enter it, their attitude towards it is often one of apathy. This is due to the new habits formed during their stay at the school, under conditions very different from those that prevail in ordinary village surroundings. The result in 90% of the cases is that they prefer to take up some low paid job as a clerk in some office, or serve as a schoolmaster. For this they have often to leave their village homes, and settle down in towns, where living is much more expensive than in the villages. Thus not only are their services lost permanently to their parents, but in most cases the latter have to supplement the meagre incomes of their "educated" children. This means a double economic loss to the rural population.



Various schemes have been put forward to cope with this situation, and overhaul the existing system of education. The aim of education in India according to the Calcutta University Commission is to develop "Character" and "Judgment" and to spread "General Knowledge". It is a very vague and general statement and requires some explanation as to what is really meant by the words "general knowledge", in view of the present needs.

A somewhat elaborate scheme of education has been put forward by Sir M. Visvesvaraya in his book 'Reconstructing India'. "Each Provincial Government", he says, "should develop its educational department and appoint a Minister of Education. That department should be in close touch with every city, town and even village, which should also have educational Councils or Committees to carry on local work". He also advocates the institution of reading rooms, lecture halls, libraries, museums, concert-halls and if possible even theatres.

"Each large village", he says, "should have at least one primary school. Smaller villages might be grouped for this purpose, after the fashion of rural school districts in some parts of the United States."

"Linked with the elementary school system there should be 'vocational schools', to pro-



vide training in the elements of agriculture, commerce, handicrafts, carpentry, engineering, woodwork, smithing and other trades for the boys and cookery, dressmaking, nursing and housewifery for the girls. Probably 60% of the boys in rural areas would require agricultural training. Where a "vocational" school is not possible, arrangements might be made for the requisite subjects to be taught in continuation classes on special week days or perhaps in the evenings.

Speaking of secondary schools he says that "The practical subjects taught should include civil and mechanical engineering technology, agriculture, commercial methods medicine, cabinet-making, pottery hand loom weaving dressmaking, metal work leatherwork, and other handicrafts and practical workshop trades."

Then after making a few suggestions regarding higher education, he closes his remarks by saying that "Both the Government and the people recognise that only by pursuing a liberal educational policy, and making generous financial provision for schools and colleges, can they lift India out of her present low condition and ensure rapid progress."

Another scheme to which attention has already been called as deserving serious consideration is that of The Right Honourable Sir



Akbar Hydari, who also divides education into three types and calls them Essential, Higher Vocational and University. According to him essential education should not only include knowledge of the 3 R's, but also provide training in agriculture, gardening and cottage industries and crafts, while those who want higher education may go to High Schools and Universities.

"I want", he says, "the standard of education among the masses to be levelled up, and yet at the same time, I want to avoid the misery of hundreds of failures in the present higher - secondary and college stages - and I wish to utilize the resources thus saved, first and foremost for the improvement of essential education for the masses, secondly for arranging for educational and professional training to the number and extent of the country's needs in special Higher Schools etc ' "

It is not our purpose here to enter into any elaborate discussion about different schemes of education, \* but what we want to assert is the

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\* "The report on elementary education submitted to the Government of Madras about three years ago by Mr H D Champion Deputy Director of Public Instruction Madras is also worth consideration. It outlines a new scheme of elementary education and suggests consolidation and concentration as the key note of the new programme. More recently Mr A H Mackenzie the late Pro Vice Chancellor Osmania University has also submitted a very Comprehensive Scheme of education, to the Government of His Exalted Highness the Nizam in which he has made some very valuable suggestions



great need of vocational and professional education especially for the rural population and that so far as this "vocational and essential" education is concerned this could be organised to a great extent through educational institutions run on co-operative lines

We do not mean to say that public schools should be replaced by co-operative schools, but what we mean is this, that apart from the ordinary government schools, which are mostly confined to towns and big villages, schools should also be started in every village on co-operative lines and run by the co-operative societies. These could be financed by the co-operative credit societies and central banks out of their funds set apart in the shape of a part of their annual profits for educational and charitable purposes, for what more charitable or useful purpose could there be than the spread of knowledge and culture?

As regards their organisation they could be organised by the village co-operative societies wherever they exist, and by the central banks in villages where there are no primary societies

On what lines they should be run is a difficult question to decide under the existing conditions, but considering the need for such institutions and the purpose which we have in view,



we may say that the first and foremost consideration should be to include in the curriculum subjects, which apart from broadening the general outlook of the students and adding to their general knowledge, should enable them to adopt and make them fit for the vocations and professions of their parents more readily. Special stress should be laid on such subjects as farming, gardening, including the use of agricultural implements and scientific agricultural methods, in such a way as to make them fit both mentally and physically when they come out of school, to stick to their land, and ancestral professions, instead of running away to the town and wasting their time in search of a livelihood

As a means of solving the problem how to obtain a better livelihood from the land, the subject of co operation itself should be included in the curriculum of the village schools, and the Government and Local bodies should also be prevailed upon to include it in an elementary form in primary schools and in more elaborate form in secondary and high schools, and even colleges and universities

For the success of all the institutions run on cooperative lines it is essential that every member of the community, and especially of the rural community should be well-versed in



the principles of co-operation, and must understand its true spirit, in order to be able to carry out the actual work on scientific and practical lines. The spirit of "self-consciousness" should be infused in the people so that they may be led to understand their position in society, their economic position compared with that of people of other countries, their place in the general economy of nations.

This could easily be achieved through education, moral and technical, imparted since the very start, to the youngsters of the rural community through institutions organised on co-operative lines.

Teaching through books is not the only way of imparting knowledge; there is another and more useful method of teaching, that of practical demonstration through magic lanterns and cinemas and by making the pupils work actually on the farms, for a certain time. This kind of practical training should also form part of the curriculum of rural education \*

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\* Since the writing of these lines some years ago, another very useful and popular medium of instruction has come into existence viz "the Wireless" or as it is popularly known "the Radio". Radio sets and receivers can be installed in villages, and useful and instructive programmes specially suitable for the rural population may be arranged and broadcasted every day.



### Section III    *Finance and Administration.*

There are yet two more problems to be discussed before we come to the end, perhaps the most important problems which beset the adoption of an extensive programme of rural reconstruction. These are the problems of administration and finance. In order to carry out any programme of reconstruction and rural uplift on an elaborate scale, an efficient administrative machinery is the prime necessity. Up to now, we have seen that no serious attempt has been made to draw up any national programme of reconstruction, nor is there any single organisation which could take this work in hand. Isolated attempts have been made and individual efforts to some extent have been successful in various local areas. The time has come when a concentrated national effort should be made to undertake this scheme of Indian rural reconstruction and work it out systematically. For this an elaborate administrative machinery is needed.

An improvement of the present state of affairs is possible only with the help of the people themselves. No Government can help us materially if we do not exert ourselves in matters within our control. The village life in olden days was happy and prosperous when the management of village economy and the local village administration were in the hands



of the village communities of which the Panchayat was the executive body. The people managed their local affairs themselves in a spirit of mutual service and good-will. These village communities have withstood all the vicissitudes of foreign conquests and still form an integral part of rural India. But it is only in name that they exist. They have lost all their former vigour and ceased to perform all the functions of local administration. If these ancient village societies are revived on the modern principles of cooperation, they can to a great extent solve the problem of local village administration. They can confer untold benefit on the village community by taking in hand all those odd jobs which they used to perform in old days, and by working on cooperative principles, can perform them in a much better and more efficient manner. In fact, the village Panchayat if revived on modern cooperative lines can do more good to the rural community than the present village self-government can claim to do. They can tackle the question of mass primary education, can revive and give an impetus to cottage industries, can promote the development of agriculture on modern lines, can make the village sanitary arrangements, can look after the water supply, drainage, roads, tanks etc., and can manage the health, public welfare and social institutions.



From whatever point of view we consider the matter, the revival of the ancient village societies on the principles of cooperation offers the best solution of the problem of rural administration.

All local administration of the villages can be entrusted to these Cooperative Panchayats, while in order to secure uniformity of action and co-ordination in working among these village units, Cooperative District Councils may be formed on the same principles, consisting of *representatives of the village communities*, as well as members of the local boards. These Councils can act in co-ordination with various government departments which in their turn can help the local societies by putting the services of government servants, such as health officers, doctors, veterinaries, agricultural and industrial experts, and others at the disposal of these village organisations.

Above the District Councils there could be Provincial Cooperative Organisations covering a wider unit of administration and over and above all, there could be one Supreme Cooperative Administrative body—a National Cooperative Council incorporating in it all the various cooperative organisations undertaking rural reconstruction and local village administration work. Thus a loose type of Cooperative Federation for the whole of India may be formed.



consisting of more or less autonomous cooperative organisations so far as internal affairs are concerned, only directed by the supreme council in matters of general policy based on a national programme of reconstruction, which should be the result of a thorough preliminary study and mature deliberation over the rural conditions of India

In order to work out such an extensive programme of re-construction, money  
 Finance is required. There are many ways of raising funds and a wise combination of all these methods can bring in sufficient amounts to carry out the work. The biggest financing agency is of course the Government. When most of the local administration is entrusted to the village cooperative organisations the Government will be relieved of this duty and whatever it used to spend on local boards and various organisations of local village administration, it can now allot to these new organisations. Government can also give help in the form of grants and loan and donations. Besides State help there are a number of local cesses, eg the water tax, lighting tax, road tax, etc which already exist which may be taken over by the *cooperative village communities* and if necessary may be supplemented by special cesses which could be levied temporarily, or permanently as the case may be for such needs as sanitation education and other kinds of welfare



work. The ordinary cooperative credit societies and the central banks may also contribute some amounts out of their annual profits, for which the Act already makes a provision. The National Council will not need very large funds as most of its work will be advisory and of a general character, but whatever amount is required for its running expenses may be provided in the form of subscriptions, contributions from the local organisations, and if necessary by state or private donations.

Somewhat on these lines may be laid the foundation of a future cooperative rural administration in India, which not only will relieve the Government of its duties as regards local village administration, but will replace it by a more useful and efficient village organisation based on the ancient traditions and carried on by ancient institutions revived on the modern principles of cooperation.

### Conclusion.

We wind up our long tale of misery and hope in the sincere words of Sir Holace Plunket with a little change

"The story has been told, our task is over, it is now with those who are responsible for the uplift of India, to think over these incoherent words and if they find anything useful in them to try the worth by putting it into practice, if not to read it and forget it."



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